FBIS DAILY REPORT

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AGREEMENT WITH IMF TO PURSUE 1985 GOALS

PY162140 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2020 GMT 16 Mar 85

[Text] Buenos Aires, 16 Mar (NA) -- It has been officially reported that the Argentine Government and the IMF have agreed "to suspend the talks on the fulfillment of goals prior to 31 December 1984, and to focus attention on the continuity of the program with appropriate readjustments for the rest of 1985."

In a communique released this afternoon by the Economy Ministry, it is also stated that both parties voiced "the intention to reach a quick agreement, something which will facilitate the disbursement of the IMF loan pertaining to the first conditioned stage [primer tramo no automatico]." Agreement was also reached "to maintain the terms of the agreement reached in December 1984," to which end an IMF mission will arrive in Buenos Aires on 25 March. This accord was reached during a round of meetings that Central Bank President Alfredo Concepcion and IMF Managing Director Jacques de Larosiere held in Washington on 14 and 15 March.

'SOURCES' ON NONPROLIFERATION, INSPECTION ISSUE

PY171922 Buenos Aires BUENOS AIRES HERALD in English 17 Mar 85 p 13

[Text] (NA) -- President Raul Alfonsin's government "is not attempting to replace" the Tlatelolco nuclear nonproliferation treaty with a Latin American multilateral accord, foreign ministry sources reported yesterday. The sources said the ministry made this clear to the United States Embassy last Thursday, when the U.S. science attache surnamed Whitman requested information on reports of a possible multilateral agreement. The sources added that neither nuclear disarmament nor Argentina's nuclear programme were on the agenda for next Tuesday's talks between President Raul Alfonsin and U.S. President Ronald Reagan. But the sources said Alfonsin would surely mention the Group of Six statement on disarmament issued earlier this year in New Delhi, while Reagan could bring up the Tlatelolco Treaty -- which Argentina has not signed. Argentina agrees with the "spirit and the text" of the Tlatelolco Treaty, the sources said, but not with the inspection of nuclear facilities stipulated by the agreement. The inspections are "discriminatory," the sources added, in that they do not guarantee that Argentina's industrial secrets will be kept.

REPORT ON SENATE APPROVING BEAGLE TREATY

PY162015 Buenos Aires BUENOS AIRES HERALD in English 15 Mar 85 p 1

[Excerpt] (NA-DYN) -- The peace and friendship treaty with Chile was approved in the Senate yesterday by a one-vote majority and just over an hour before President Raul Alfonsin left on a tour taking him to Brazil, the U.S. and Mexico. The treaty aimed at settling the century-old Beagle Channel conflict was passed at 6:50 am by a 23-22 vote and one abstention by Radical Senator Luis Leon, who has opposed the treaty from the start.

The approval of the treaty followed almost 24 hours of debate, which would have been longer if both sides had not agreed to cut down the number of speakers, which could have extended the debate for a further four to seven hours. But a Radical proposal to end the debate shortly after midnight on Wednesday and proceed with the voting was defeated when the ruling party's six independent allies in the Beagle Channel debate temporarily joined forces with the Justicialists. The compromise with the Justicialists, however, to reduce the number of speakers allowed the Radicals to fulfill their purpose of approving the treaty before Alfonsin's departure.

The session was also shortened when Senator Vicente Saadi of Catamarca, the chairman of the Justicialist bloc, became ill as he began reading his 160-page speech.

The aged senator was helped from the chamber by his aides after the Senate unanimously agreed to his request that his speech be read by Senator Ramon Almendra of Santa Cruz. But after half an hour Almendra's voice became hoarse and he asked that the whole speech be included in the minutes of the session although most of it had not been read.

The compromise had an unexpected outcome when Justicialist Senator Jorge Castro of Santiago del Estero announced he was breaking with the Justicialist bloc and would set up a separate bloc because he considered it an offense to have had his name deleted from the list of speakers without consulting him.

In the final voting the 21 Peronist senators were joined by Senator Elias Sapag of the Neuquen Popular Movement who cast a nay vote in defiance of express instructions from his party and Neuquen Governor Felipe Sapag, his brother, to vote in favour of the treaty. But his fellow-senator from Neuquen Carlos Solana and the other five independents went along with the 17 remaining radicals in support of the government.

An unexpected development was the decision by La Rioja Senator Eduardo Menem, who had come out in favour of the treaty, to vote against it in defiance of his provincial Justicialist Party and La Rioja Governor Carlos Menem, his brother, who had instructed him to vote in favour.

SAUDI GOVERNMENT RATIFIES CONFIDENCE IN ENVOY

PY162035 Buenos Aires BUENOS AIRES HERALD in English 16 Mar 85 p 11

[Text] (NA) -- Saudi Arabia has ratified its full confidence in its Ambassador Fu'ad al-Nazir and asked the Foreign Ministry's intervention to deny what it termed tendentious rumours aimed at harming relations between the two countries, Foreign Ministry sources said yesterday. The Saudi Arabian Government made the request in a note which Al-Nazir himself delivered to Deputy Foreign Minister Jorge Sabato on Monday while a similar note was delivered to the Argentine Embassy in Riyadh, the sources said. Al-Nazir was accused of lobbying on behalf of Britain to have Justicialist legislators block the Senate approval of the Beagle Channel treaty with Chile. The Saudi Arabian note deplored the rumours and also statements by Foreign Minister Dante Caputo that the Argentine government was annoyed by a lack of reply from Ryad to President Raul Alfonsin's expressed wish to visit Saudi Arabia, the sources said.

NICARAGUAN NOTE CHARGES U.S. BLOCKED IDB CREDIT

PY151425 Paris AFP in Spanish 0050 GMT 15 Mar 85

[Text] Buenos Aires, 14 Mar (AFP) -- Nicaragua has denounced before the Argentine Government that the United States has blocked a $58-million credit that the IDB had granted for small and medium-sized Nicaraguan farmers, thus violating OAS principles.

This denunciation is included in a note that Ricardo Zambrana Diaz, the Nicaraguan ambassador to Argentina, submitted to Argentine Deputy Foreign Minister Jorge Sabato.

According to the note, it was U.S. Secretary of State George Shultz himself who asked IDB Chairman Roberto Ortiz Mena to block the credit.

GOVERNMENT PROPOSES COGOVERNMENT WITH COB

Government Team Meets

PY151818 La Paz Cadena Panamericana in Spanish 1700 GMT 15 Mar 85

[Excerpts] The economic team is now meeting in the Planning Ministry. The government, after receiving an answer to its recent proposal from the Bolivian Labor Federation [COB], has instructed the economic team to study the COB answer as soon as possible so that this issue can be discussed at the national cabinet level in order to give the COB a definitive answer in an effort to get the COB to lift the general strike.

We now have a direct report from Government House by Cristina Corrales.

[Begin report] Good afternoon, the economic cabinet just concluded its meeting in the Planning and Coordination Ministry. The economic team has been meeting since this morning to evaluate the letter the COB submitted containing its answer to the government proposal. The government is expected to answer the COB again this evening. [end report]

COB Rejects Cogovernment Offer

PY161340 La Paz Cadena Panamericana in Spanish 1130 GMT 16 Mar 85

[Text] President Hernan Siles Zuazo has warned the workers that if the current labor conflict is not overcome, the democratic process, which was restored on 10 October 1982, runs the risk of dying.

The head of state made this statement yesterday afternoon at Government House to the labor delegation that had come to the president's office in order to seek a prior agreement that would be the basis for negotiations between the workers and the government.

The president said that a solution must be achieved for the conflict, which is now holding the world's attention, because the international community is demanding a solution. He indicated that the present course of events is being closely followed by the international community and that there is concern that these events could lead to negative events that could affect not only Bolivian democracy but also Latin American democracy.

[Begin Siles recording] An agreement is necessary in order to reestablish normalcy within the country because of the anguish that exists in the interior, the mines, and in the cities. But this anguish is not only internal. We have received messages from abroad, from representatives of the governing political parties of South America, that convey their anguish over the fate of this democratic process. If this democratic process fails and fascism returns, it could be contagious; it could emerge [words indistinct] countries, it could emerge in Argentina, in a [words indistinct] the reactions that are contrary to the national interests of sister countries and to democracy on the continent. [end recording]

During the night Hernan Siles proposed cogovernment to the COB. He also proposed that 70 percent of the 3.1-million Bolivian peso compensatory bonus be added to the basic salary, in addition to other proposals that are contained in his answer to the COB's demands.

President Siles, his ministers, and members of the political committee of his party talked for about 7 hours with the workers representatives, who numbered approximately 60 and were headed by Juan Lechin Oquendo.

The workers restricted themselves to three topics that were related to salaries, prices, and the supply of foodstuffs. Moreover, depite the efforts that were made to prevent sectorial evaluations, more than 15 representatives from various sectors expounded at length on the problems on their sectors. They wanted the president to learn of their concerns, which are derived from the very little attention given by the government to seeking solutions to their problems.

The mineworkers were the main speakers, and they pointed out the mistakes that have been made by the administration in dealing with a mining-metallurgical policy that does not respond to the demands for greater continuity.

The factory workers, in addition to other labor sectors, pointed out that the shortfall in the supply of foodstuffs is causing difficulties for the population as a whole and that the low salaries have brought the standard of living down. The workers backed up thses two problems with figures.

The economic area ministers, headed by Minister Freddy Justiniano and Francisco Belmonte, explained that the country is being ravaged by a very serious crisis, which is part of the world crisis and the crisis of neighboring countries. Thus, they justified the latest government proposals and scored the workers for their lack of productivity.

The discussion at times became very heated until at last the president proposed cogovernment to the workers in order to overcome the country's problems. But he did so with a proviso: There should be an agreement and commitment to increase production. He reviewed his position of tacking 70 percent of the 3.1 million Bolvian peso bonus onto the basic salary as the government's last counter offer to the workers' demands. He stressed that the proposal was made without counting on an appropriate increase in production.

Labor leader Juan Lechin Oquendo rejected the government's offer, indicating that it was already too late and that it does not meet the expectations of the workers. He recalled that the president made a similar proposal in August 1983, but due to the COB's rejection of the emergency economic plan and its request for 51-percent participation in the government, the proposal was rejected.

The workers have also rejected the economic proposal. Several speakers stated that it does not respond to the realities in the country, because the indexes indicate that more than 10 million Bolivian pesos are currently needed to survive.

Lechin Oquendo said that at this time cogovernment would be difficult because the population is suffering hunger and nothing can be purchased with the current salaries. It costs a Bolivian worker more than 13 million Bolivian pesos to purchase just 10 items. We are suffering from all of the measures implemented by the government. They are not based on reality, Lechin added. He said that it will be the workers who will have the last word during this afternoon's meeting, indicating that the workers will not give up even though they may be tired of the wear and tear. If it is necessary, we will relieve them, he said. At this time there is an offer from the Siglo Veinte workers to send another 8,000 mineworkers to La Paz.

The meeting between the government and workers at Government House concluded at approximately 0400 [0800 GMT] on 16 March. A recess has been declared so that the respective consultations can be carried out. The government-workers dialogue will be resumed this afternoon at 1600.

Negotiations End in Failure

PY171807 Paris AFP in Spanish 1401 GMT 17 Mar 85

[Text] La Paz, 17 Mar (AFP) -- It has been reported here today that the negotiations between the government and the powerful COB aimed at stopping the indefinite general strike that began 10 days ago are again at zero after the new round of negotiations between President Hernan Siles Zuazo and COB leader Juan Lechin Oquendo failed early this morning.

The negotiations are at a standstill because of the COB demand for a minimum adjustable salary, a demand that Siles Zuazo said is absolutely impossible to grant under the current circumstances affecting the country. The government has offered a basic salary of 3,105,000 Bolivian pesos ($25 at the official rate), which Lechin Oquendo considers insufficient.

The prolonged strike has created concern in the Catholic Church, which through the Episcopal Conference has urgently called for understanding and agreement.

It has been announced that despite the disagreements between the two sides, Siles Zuazo and Lechin Oquendo, who is being accompanied by about 60 union representatives, will meet again in the next few hours.

Siles Reasserts Offer

PY180119 Paris AFP in Spanish 0000 GMT 18 Mar 85

[Text] La Paz, 17 Mar (AFP) -- It has been reported here today that Bolivian President Hernan Siles Zuazo has reasserted his cogovernment offer to the COB, but this time he did it in writing.

Siles first made his offer verbally on Saturday during a meeting with COB top-ranking leader Juan Lechin Oquendo, who was with 60 other labor leaders.

In a statement submitted to Lechin, Siles Zuazo notes that his offer cannot be described as untimely just because the presidential term expires in 3 months, since it is possible to reorganize the country's economic situation in this period. However, he noted that this economic reorganization must be carried out in keeping with present possibilities, the legitimate interest of workers, and existing laws.

In another note submitted to the COB leader, the Bolivian president definitely rejected the possibility of granting an adjustable minimum wage, since this would mean driving the country into a worse economic disaster than the present one. Nevertheless, he invited the government and the COB to organize a commission that will be in charge of studying the possibility of enforcing an adjustable minimum wage in the immediate future.

It has been stated that the COB will issue a reply to these proposals within the next few hours and that COB national leaders will hold a meeting on Monday in which they will decide whether to lift the indefinite general strike that started 11 days ago.

COB General Secretary Walter Delgadillo has announced the resumption of workers' marches, which have been characterized by the detonation of dynamite caps by the more than 10,000 mineworkers in La Paz and which terrify the local population. Mineworkers from different parts of the country arrived in La Paz on 4 March and they decided to stay in La Paz until they received an answer to their demand for an adjustable minimum wage.

MINISTER APPEALS TO GUAVIRA, VILLA MONTES WORKERS

PY151925 La Paz Radio Illimani Network in Spanish 1700 GMT 15 Mar 85

[Text] The principle of authority is being disregarded by some workers who no longer respect [words indistinct], the industry and commerce minister has said. Hugo Montero Mur made this statement when reporting that Bolivian Development Corporation workers of the Guavira sugar mill and of the Villa Montes oil factory had decided not to send either sugar or oil to the consumer centers, since they think that the prices of these products are too low.

He added that this attitude is harming the delivery of these staples to the mining centers, which are now lacking these articles which are of basic importance for households. We have implemented an emergency plan to supply the company stores of the Mining Corporation of Bolivia [Comibol] with staples directly from the production centers, for which we have obtained both air and ground transport. Now we have to face the whims of the truckers or the workers of those factories who do not even respect the decisions of this ministry, or those taken by the COB, Montero Mur added.

He concluded by appealing for wisdom on the part of the union leaders of the Villa Montes oil factory [words indistinct].

PAZ ESTENSSORO SAYS ECONOMY FACES COLLAPSE

PY152040 La Paz Cadena Panamericana in Spanish 1130 GMT 15 Mar 85

[Excerpts] Let's hope that the national government will obtain international economic aid, because if it does not, the Bolivian economy may collapse before the elections take place and before a new president is installed, Victor Paz Estenssoro, National Revolutionary Movement presidential candidate, said last night during the act of installation of the leadership of the party's professional wing.

Paz Estenssoro explained that the Bolivian situation is extremely serious, and that the failure of the current government represents a disgrace to democracy, to the left, and to political groups that could have participated in the future.

Paz Estenssoro also said that if his party wins the elections, he will break off from its ideological bonds, and adopt practical measures in keeping with Bolivian reality, thus subjecting his ideology to reality rather than the other way round.

He also denied accusations made by the Bolivian foreign minister saying that the MNR was conspiring together with the COB and other labor organizations. Paz Estenssoro said that his political party does not favor military or consitutional coups. A military government would not be able to solve the economic problems of the country, he said.

Finally, Paz Estenssoro justified the presence of the mineworkers in La Paz since their demands were not met at the proper time. The mineworkers are defending their own lives, as well as Bolivia's because they are the ones who produce and therefore the national economy cannot but see to their problem, according to Paz Estenssoro.

MIR-MASAS CALLS FOR CONTINUATION OF STRIKE

PY160215 La Paz Cadena Panamericana in Spanish 0000 GMT 16 Mar 85

[Text] The Movement of the Revolutionary Left, MIR-Masas, has released a document signed by Tomas Quiroz, Rene Martinez, Juan Delgrado, and Jose Pinedo, stressing that the 10,000 mineworkers and housewives who have marched on La Paz have attained a historical victory in the task of restoring the people's rights in the struggle against rightist sectors.

The MIR-Masas contends that during the 12 days of the mineworkers strike, the labor, factory, railway, flour manufacturing, oil, craftmanship, and highway construction sectors, as well as other low-income sectors, teachers, university students, and peasants have strongly supported the mineworkers.

Is this the time to retreat, the document asks. No, because the government has answered with mere promises on paper in regard to prices and supplies, the document adds.

It goes on to say that the 3,105,000-peso bonus offered to the miners and the offer to consolidate 50 percent of it into the basic salary are not only mere scraps, but also a dangerous trap. They are dangerous traps because the miners' strike will then yield only scraps, while factory and construction workers, peasants, craftsmen, and teachers will get nothing new. Thus, the document points out, the miners will have cowardly abandoned the other workers. They will never again trust the miners' front.

The document concludes by remarking that the lifting of the strike and mobilization, and the acceptance of the government scraps will mean defeat.

KIDNAPPING ATTEMPT OF PERUVIAN AMBASSADOR

PY171532 Paris AFP in Spanish 1507 GMT 17 Mar 85

[Text] La Paz, 17 Mar (AFP) -- Two masked individuals early this morning tried to kidnap Peruvian Ambassador to Bolivia Jaime Cacho-Souza with the alleged purpose of demanding the resignation of Presidnet Hernan Siles Zuazo, Ambassador Souza said today in a statement to Radio Nueva America.

Ambassador Souza said that at 0300 today (0800 GMT) two masked individuals broke into his bedroom after climbing through a window overlooking the garden of this house, which is located in the fashionable Florida neighborhood, and pointed guns at him, telling him that they were going to kidnap him.

At that moment, Souza said, I jumped to the floor and a bullet nearly hit my head, but I managed to grab my gun and shoot at my attackers, who then decided to flee.

Souza also revealed that on 14 March he received a telephone call warning him that he was going to be kidnapped in order to put pressure on Siles Zuazo to resign as president.

TANCREDO NEVES RECOVERING FROM SURGERY

PY160210 Porto Alegre Radio Guaiba in Portuguese 2150 GMT 15 Mar 85

[Text] Brazilian President-elect Tancredo Neves is recovering well and his physicians are satisfied. He is being fed intravenously with serum, and a drain will be maintained in the surgical wound for another 24 hours, at least. According to unofficial reports, Tancredo Neves got up from bed and took a short walk this afternoon. He is not receiving visitors other than his relatives and physicians.

Respiratory Problems Develop

PY172201 Paris AFP in Spanish 2150 GMT 17 Mar 85

[Text] Brasilia, 17 Mar (AFP) -- In a press conference held at the Brasilia military base hospital, government spokesman Antonio Brito today reported that President Tancredo Neves (75 years old) has developed respiratory problems. The government spokesman noted that the president is recovering satisfactorily after undergoing surgery Thursday night, 12 hours before he was scheduled to take the oath of office.

ARGENTINA'S ALFONSIN MEETS OTHER LEADERS

PY162105 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0035 GMT 16 Mar 85

[Excerpt] Brasilia, 15 Mar (NA) -- This afternoon, Argentine President Raul Alfonsin held separate meetings with Mexican Foreign Secretary Bernardo Sepulveda Amor, and with Portuguese Prime Minister Mario Soares, reviewing several aspects of bilateral relations with the two countries, and extensively reviewing the international situation.

After attending the ceremonies held in Brasilia in which the foreign delegations in attendance were introduced to Vice President Jose Sarney, the acting president, Alfonsin held these meetings and also spoke with Brazilian newsmen. During his meeting with the Mexican foreign secretary, Alfonsin also reviewed some matters on his agenda for the official visit that he will make to Mexico beginning 25 March.

After meeting the Mexican foreign secretary Alfonsin talked with Rio Grande do Sul Governor Jair Soares and Parana Governor Jose Richa, who were accompanied by Corrientes Governor Jose Romero Feris, and Misiones Governor Ricardo Barrios Arrechea. During this meeting, the possibility of increasing economic ties between those two Brazilian states and the bordering provinces, and a direct link through the Sao Borja project, were reviewed.

During his last afternoon meeting, Alfonsin talked with Mario Soares, reviewing bilateral relations and several international issues. On the night of 15 March, the Argentine president, along with the rest of the heads of state, attended a reception that the democratic Brazilian Government held at Itamaraty, the seat of the Brazilian Foreign Ministry.

In the afternoon, during a break in the meetings, Alfonsin spoke with Brazilian newsmen, to whom he related his satisfaction upon learning that "President Tancredo Neves' problem is short term and that he will assume his office soon."

Discusses U.S., Central America

PY170130 Buenos Aires TELAM in Spanish 0103 GMT 17 Mar 85

[By Luis San Martin]

[Text] Brasilia, 16 Mar (TELAM) -- Argentine President Raul Alfonsin today said it is necessary to take into account two facts in the search for a solution to the Central American issue: On the one hand, U.S. security and, on the other the fact that the presence of a socialist government in the region does not jeopardize U.S. security.

He made this statement in response to a question about his opinion on the prerequisites for achieving peace in Central America, during a press conference attended by Brazilian and Argentine journalists at Brasilia's Nacional Hotel.

The Argentine president said that the solution of the Central American issue calls for dialogue, and pointed to the need to strengthen the Contadora Group action in this regard. He reiterated his support for the principles of nonintervention and self-determination. Concerning the activities in which he will participate in the United States starting tomorrow, the president said that he will meet officials to discuss political and economic issues dealing primarily with the renegotiation of the foreign debt, as well as other issues concerning the Central American situation, "which entail danger for the world."

Alfonsin denied that there were plans to create a Latin American debtor's club, but said that joint action will be taken in order to ask creditors to consider the debt issue from a political viewpoint. He explained that this does not mean that countries cannot negotiate independently.

Meets Nicaragua's Ortega

PY171939 Buenos Aires BUENOS AIRES HERALD in English 17 Mar 85 p 1

[Excerpts] Brasilia (NA) -- President Raul Alfonsin met yesterday with Nicaraguan President Daniel Ortega to discuss the Central American conflict during his last full day here before jetting off to the United States for talks with U.S. President Ronald Reagan and International Monetary Fund (IMF) director Jacques de Larosiere.

Alfonsin and Ortega met yesterday for 30 minutes, with Ortega afterwards expressing his country's wishes to start direct talks with the U.S. Government. Ortega also admitted that "the situation in Nicaragua is difficult."

Alfonsin yesterday also met with the director of the Organization of American States (OAS), Joao Baena Soares, to discuss ways of strengthening the role of the OAS.

Yesterday Alfonsin told reporters at a press conference that the upcoming trials of former military junta leaders for responsibility in the so-called dirty war excesses "do not imply any possibility of danger to democracy" in Argentina.

"Neither does there exist any type of vengeance, since...justice will be the one to decide" on the fate of the nine military officers, Alfonsin said. In Buenos Aires, the Justicialist Party's Rio Hondo faction criticized Alfonsin's trip to the U.S. In a statement signed by faction First Vice-President Oraldo Britos the Peronist group said Alfonsin would be "legitimizing the permanent interests of the U.S. in Central America" by meeting with Reagan. The Rio Hondo faction also accused the government of bowing to IMF pressures in setting economic policy.

RAUL ALFONSIN DEPARTS FOR TRIP TO U.S.

PY181205 Buenos Aires DYN in Spanish 1151 GMT 18 Mar 85

[Text] Brasilia, 18 Mar (DYN) -- The Argentine Air Force jet carrying President Raul Alfonsin to the United States departed from Brasilia today at approximately 0840 local time. The Argentine head of state had arrived at the airport 10 minutes earlier and immediately boarded the T-96 Boeing 707 aircraft which had been sent from Buenos Aires to replace the TC-91 aircraft which yesterday had an engine problem shortly after departing for the United States.

NEW FOREIGN MINISTER OUTLINES POLICY OBJECTIVES

PY161737 Madrid EFE in Spanish 1608 GMT 16 Mar 85

[Text] Brasilia, 16 Mar (EFE) -- The new Brazilian Government advocates a joint Latin American effort to negotiate common problems and to discuss the foreign debt issue from the political perspective.

During his installation, Olavo Setubal, the new Brazilian foreign minister, stated that this move is part of the foreign policy to be followed by the cabinet of President Tancredo Neves.

The foreign minister stated that he will undertake a policy oriented toward achieving results, whose starting point will be to explain our concrete interests regarding our economic growth and to reduce our foreign vulnerability in the financial, technological, and commercial fields.

The objective will be to negotiate with dignity and efficiency Brazil's role in the international scene so that the country freely manages its economic policy and handles its own destiny.

In the political field, Setubal advocated the principles of self-determination, nonintervention, and the peaceful solution of conflicts, especially in Central America.

The Brazilian foreign minister insisted on the need to discuss the foreign debt from the political perspective. In a society made up of 130 million people, whose vast majority are considered in the poor or miserable social class, it would be inconsistent to subject the problem of economic adjustment to foreign decisions of a technical nature.

Meets With Libyan Secretary

LD172113 Tripoli JANA in Arabic 1730 GMT 17 Mar 85

[Text] The secretary of the People's Committee of the People's Bureau for foreign liaison yesterday conferred with the new Brazilian minister of foreign affairs, Olavo Setubal.

During this meeting, the Brazilian minister of foreign affairs stressed the importance of consolidating the friendly ties between the Libyan Arab people and the Brazilian people and increasing the volume of cooperation in all fields between the two countries.

NICARAGUA'S ORTEGA MEETING WITH VARIOUS LEADERS

Exchange With Bush

PY161839 Paris AFP in Spanish 1815 GMT 16 Mar 85

[Text] Brasilia, 16 Mar (AFP) -- During a press conference that he held today in the Brazilian capital, Nicaraguan President Daniel Ortega denounced the intransigence of the United States, which refuses to talk with Nicaragua.

Ortega, who is in Brasilia participating in the inauguration ceremonies, indicated that the meeting he wished to have with U.S. Vice President George Bush will not be held.

He stated that we have received a negative answer, alleging that we do not agree on basic points. I personally believe that just for that reason a meeting would be very useful.

During a brief encounter on Thursday at [as received] the [Brazilian] Congress building during the inauguration ceremony, the two men exchanged a few words, an incident that the public applauded. I told Mr Bush that the applause was in favor of peace and democracy, Ortega stated.

According to Nicaragua's head of state, the United States has never understood Latin America's problems. The United States wants a return to Somozism. It does not want democracy.

Ortega stressed that he considers as important the support that the Contadora Group (Mexico, Venezuela, Colombia, and Panama) is receiving from Latin American countries and the support that they have given to the Manzanillo meetings between the United States and Nicaragua.

The Nicaraguan president said that the United States has brought only crime, murder, terrorism, destruction, and death to his country, and that Washington has to convince itself that the region needs a peaceful solution. The United States has to accept reason, he remarked.

Finally, President Ortega said he was ready to meet Costa Rican President Luis Alberto Monge upon his return from Brazil, either in San Jose or Managua.

According to the Rio de Janeiro newspaper JORNAL DO BRASIL, during the brief and unexpected conversation held in the Congress building yesterday, Ortega told George Bush that the resumption of the dialogue is very important for the two countries.

To resume the dialogue you should respect freedom of the press, put an end to your problems with the church, and stop buying arms, Bush reportedly answered.

According to the newspaper, the Nicaraguan president ended the conversation by saying that goodwill cannot be unilateral. We have already promised to withdraw the Cuban instructors from Nicaragua, we held direct elections, we have promoted amnesty, we pay tribute to the Contadora Group, we want an agreement, and we want negotiations in search of peace, he stressed.

Holds Meetings, Press Conference

PA170410 Managua Domestic Service in Spanish 0202 GMT 17 Mar 85

[Statements by Nicaraguan President Daniel Ortega after meetings with Argentine President Raul Alfonsin and Ecuadoran President Leon Febres Cordero and at press conference with unidentified Ecuadoran reporters -- recorded]

[Text] Two important meetings were held this afternoon and tonight in Brasilia by Commander President Daniel Ortega Saavedra, who met with Argentine President Raul Alfonsin, and with Ecuadoran President Leon Febres Cordero. This is how the companero president described his meeting with President Alfonsin.

[Begin recording] [Ortega] We have had very good relations with Argentina and particularly with President Alfonsin. There has been concern over the current situation in Latin America. We have common problems, economic and financial problems, and a very concrete problem, the Central American region, and the relations between the United States and Nicaragua which have deteriorated. Of course, [words indistinct] all Latin American countries know about the conflict in the region and the need to make the greatest efforts to find a peaceful solution to this problem. A peaceful solution would definitely involve the United States and would allow the normalization of relations between the United States and Nicaragua.

[Question] Would you tell us about the new prospects for the Contadora Group, which met here. What is your opinion?

[Ortega] I think it was important because it gives Contadora new vigor, and it has been supported by the Central American countries.

[Question] You recently met with the U.S. Vice President here in Brasilia.

[Ortega] It was a brief exchange, and nothing new was (?reported). [end recording]

These were President Ortega's statements to the Argentine press after meeting with President Raul Alfonsin. Later he met with Ecuadoran President Leon Febres Cordero. After the meeting with Febres, he gave a brief press conference to Ecuadoran newsmen. This is what he said:

[Begin recording] [Question] You have held a dialogue with Ecuadoran President Leon Febres Cordero.

[Ortega] I think that this important time in the strengthening of democracy here in Brasilia provides a good opportunity to meet with heads of government and Latin American political leaders to discuss the problems common to all of the Latin American peoples and governments.

[Question] How do you describe relations with Ecuador at this time?

[Ortega] I have to say that we discussed aspects of our relations at this meeting. Among other things, because there are many, I can state that we discussed the following: petroleum which was to be sent to Nicaragua. We have made it totally clear that this was due to technical errors and not political issues.

[Question] On the trade and bilateral level, are there any Nicaraguan proposals for President Febres Cordero?

[Ortega] I think that Latin America, today more than ever, needs an integration process that will allow it to deal with its great commercial problems.

[Question] Why did the international press report that the United States blocked an Ecuadoran oil shipment to Nicaragua?

[Ortega] You have to understand the aggression that Nicaragua is suffering at the hands of the United States, and the pressures that the United States has put on the Latin American governments to try to affect their relations with Nicaragua. However the U.S. action, is one thing, but the attitude of the governments, which we can say have rejected the U.S. pressures, is another.

[Question] Do you maintain the position that the demilitarization of Central America is the only way to achieve peace with the United States?

[Ortega] We think that it is essential for the United States to agree on the withdrawal of all foreign forces in Central America.

[Question] If the Ecuadoran Government expels a Nicaraguan consul on [words indistinct] charges [words indistinct] there is in reality, some antagonism between the two governments?

[Ortega] We would like to take advantage of this meeting with President Febres Cordero, so that in addition to discussing the global problems of Latin America, the debt, the economic problems, the peace problem, the threats to peace, because Latin American peace is threatened by these problems and by U.S. aggression, we can explain Nicaragua's position. It is Nicaraguan Government policy to avoid involvement in the internal problems of the countries with which we maintain relations.

[Question] It has been said that you would like to hold a congress of Latin American countries in Galapagos. Have you issued any unofficial invitations?

[Ortega] No, we do not want to [word indistinct] initiatives before we are ready. We think that anything that will lead to a meeting of Latin American presidents is very important because it would allow us to discuss our common problems and therefore seek solutions to these problems.

[Question] Mr President, when will press censorship in your country end?

[Ortega] In Nicaragua there is no press censorship. We have freedom of the press. All of the political parties and political forces express themselves through the media. There are certain restrictions with regard to military [words indistinct] and all the aggressions by a foreign power called the United States of America.

[Question] What is the situation in Nicaragua at this time with regard to the circumstances you are experiencing? What is the situation of the country's development?

[Ortega] Well, I would say that Nicaragua, like Latin America, cannot be thinking of development at this time. The debt problem alone is a serious burden on Latin America, without even considering the country's size or resources -- things which hamper our development possibilities. In Nicaragua we are facing direct U.S. military aggression which could prove more serious [words indistinct]. Therefore, we cannot think of development. We have to think of survival and finding the adequate mechanisms to deal with the crisis.

[Question] What is the Nicaraguan Government's position on an opening for the opposition?

[Ortega] There is a great opening, and proof of this is that we have a parliament, a congress, where seven political parties of the most diverse political and ideological positions are represented, for the first time in Nicaraguan history. Historically, only (?two) political parties ever sat in the congress.

[Question] Commander, what is your opinion of Ecuador, what do you expect from Ecuador, and what do you want to do for our two countries?

[Ortega] Well, I think that we expect a strengthening of our relations with Ecuador. We spoke of this some time ago with President Febres Cordero, and we expect to overcome the situations that could have led to misunderstandings. [end recording]

Meets With FRG Foreign Minister

PA162207 Managua Radio Sandino Network in Spanish 1200 GMT 16 Mar 85

[Text] Nicaraguan President Commander Daniel Ortega was present at the Planalto Palace, seat of the Brazilian Government, to offer his respects to acting Brazilian President Jose Sarney. After extending his respects, President Ortega met with FRG Foreign Minister Hans-Dietrich Genscher, who reiterated the desire of the EEC to continue its dialogue with the Central American countries. Genscher told Commander Ortega that his government is interested in the continuation of the Contadora Group dialogue to create an environment of trust in Central America as a means of developing the economy of the countries of the area. Last night Commander Ortega met with several political personalities currently in Brazil, including the USSR deputy chairman, Panamanian Foreign Minister Fernando Cardoze, and Desi Bouterse, head of government of the Republic of Suriname.

Meets With Spanish Official

LD170244 Madrid Domestic Service in Spanish 2300 GMT 16 Mar 85

[Text] Spanish Deputy Prime Minister Alfonso Guerra met with Nicaraguan President Daniel Ortega in Brasilia for half an hour today taking advantage of the last day of his stay in the Brazilian capital where he headed the Spanish delegation to the new Brazilian president's inauguration. Guerra and Ortega discussed the situation in Central America and the Nicaraguan president informed Guerra of the economic and financial difficulties which the country is going through and which are, he said, increasingly more serious.

POLICE REPEL ATTACK ON SPANISH EMBASSY

PA172011 Paris AFP in Spanish 1936 GMT 17 Mar 85

[Text] Bogota, 17 Mar (APF) -- The police reported today that no one was killed or injured in the attack on the Spanish Embassy in Colombia last night, an attack to which embassy guards responded.

The Spanish Embassy in Bogota, located in the northern section of the city, was attacked by several unidentified persons in a camper, who were repelled by embassy security guards. Four Spanish police special operations agents and three Colombian policemen who were on duty at the time of the incident returned the fire of the attackers. Police noted that this was the second attack by unidentified persons on the Spanish Embassy in Bogota in less than 20 days.

Meanwhile, the police announced that a thorough investigation is under way and that a special operation has been launched to apprehend the attackers.

ELN GUERRILLAS ATTACK MAYOR'S OFFICE IN EL COPEY

PA172003 Bogota Cadena Radial Super in Spanish 1730 GMT 16 Mar 85

[Text] Valledupar, Cesar Department -- Combined Army and police forces are presently involved in an intense search for guerrillas, presumably of the National Liberation Army, ELN, who today carried out an attack in El Copey, in this department, and detonated a powerful bomb in the municipal mayor's office which caused more than 3 million pesos in damage.

The mayor of El Copey has said that it has not been possible to determine how many people were in the ELN column that entered town. According to some townspeople, the rebels were traveling on motorcycles. After detonating the bomb, the guerrillas went to the town's most populated section and distributed much subversive propaganda material and then left for an unknown destination.

This is the second time in less than a week that guerrilla groups have carried out attacks in Cesar Department. Last Wednesday there was a similar incident in the municipality of Pailitas. On that occasion there were casualties.

GOVERNMENT TO EXTRADITE THREE TO U.S.

PA070205 Paris AFP in Spanish 2306 GMT 5 Mar 85

[Text] Bogota, 5 Mar (AFP) -- The Colombian Government has reported that three Colombians, who were charged with drug trafficking by the U.S. Government, will be extradited as approved by the Colombian government.

With the approval of the Supreme Court of Justice, the U.S. request for the extradition of Alvaro Barcenas Cardenas, Jose Jader Alvarez Moreno, and Carlos Humberto Gomez Zapata has been honored by the Colombian Government. Barcenas is currently at large, while Alvarez and Gomez have already been imprisoned.

It is worth mentioning that four alleged Colombian drug traffickers were extradited to the United States on 5 January. The four are on trial for drug trafficking and the "laundering" of millions of dollars.

BRIEFS

NEW TELECOM PRESIDENT -- Bogota -- Juan Sebastian Betancur has assumed office as president of the National Enterprise for Telecommunications. [Summary] [Bogota Domestic Service in Spanish 1730 GMT 6 Mar 85 PA]

STROESSNER DEPARTS FOR BRAZILIAN INAUGURATION

PY151302 Asuncion Radio Primero de Marzo in Spanish 1041 GMT 15 Mar 85

[Text] President Alfredo Stroessner departed for Brasilia at 0650 [0950 GMT] on board a Paraguayan Airlines Boeing 707.

The head of state will lead the delegation that will attend the official ceremonies in which Brazilian Vice President-elect Jose Sarney will inaugurate the constitutional period.

YACYRETA ENTERPRISE AWARDS CONTRACT FOR TURBINES

PY170105 Asuncion HOY in Spanish 15 Mar 85 p 12

[Excerpt] The Yacyreta Binational Enterprise [EBY] assistant executive director engineer, Jorge Krisch, has told HOY that, during a meeting held in the city of Buenos Aires, EBY's Administrative Council on 14 March decided to award to the consortium led by the U.S. company Allis Chalmers, and the Canadian company Dominion Engineering (the Canadian GE), the contract for the manufacture, mounting, and operation of the 20 turbines for the Yacyreta hydroelectric dam.

According to Krisch's statement the amount of the contract, at the prices prevailing in May 1980, totals $213.8 million which will be financed through a loan to be granted by the U.S. Export-Import Bank.

Engineer Krisch stated that the local business participation, both Paraguayan and Argentine, amounts to 58.5 percent of the contract awarded on 14 March by EBY's Administrative Council after a long and difficult preparatory process.

Krisch also stated that the assured local participation is on the order of 21.5 percent while that of Argentina is 37 percent. The Paraguayan enterprises that will participate in the construction of the turbines for the Yacyreta power complex are the Electromechanical Engineering Consortium, the OTI [expansion unknown], and the 14th of July company, and, for the Argentine Republic, the Metanac [expansion unknown] consortium will also participate.

Concerning the subsequent steps, engineer Krisch emphasized that the task of drafting the contract will be immediately tackled and that this task may "be quick or slow," depending, above all, on whether certain financial conditions are overcome.

Asked whether such conditions would not turn into new difficulties for the development of the project, Krisch replied that he does not share such a belief and that he feels that contracts with the awardees will be signed in the targeted period of time so as to enter the construction phase afterward.

PERCOVICH MAKES OFFER TO STRIKING PUBLIC WORKERS

PY152130 Lima Cadena Panamericana Television in Spanish 0200 GMT 15 Mar 85

[Text] With regard to the labor situation prevailing in the country, Prime Minister Luis Percovich has stated that the government has offered to the striking state workers a salary increase that is within the limitations of the budget. At the same time, Percovich made a call to strengthen democracy, freedom, and justice.

[Begin recording] As we announced last night, the government has made an offer that is within its possibilities to overcome the problem of the paralyzation affecting some government offices. We harbor the best of hopes that the thoughtfulness and the patriotism of the public servants will prevail over any other fact, bearing in mind, above all, that everything within our reach is being done. To go any further would simply be to enter the field of unreality and fantasy, thus seriously harming the national economy and that of all Peruvian families.

In addition, another fact which I believe the public servants must take into account is that we are within 30 days of elections and all of us must cooperate so that the pre-electoral stage may be fulfilled and the election may be clean and open as I have just stated, so that the sovereign will of the Peruvian people may be expressed in electing the new president of the Republic and the representatives of the people who will make up the Chamber of Deputies and the Senate. [end recording]

Unions Reject Offer

PY160231 Paris AFP in Spanish 2055 GMT 15 Mar 85

[Excerpt] Lima, 15 Mar (AFP) — The National Elections Jury (JNE) today declared that the strike which employees of this organization started 3 days ago is illegal and ordered them to resume their duties on 18 March. The JNE recalled that general elections are to be held in Peru on 14 April and that the law punishes all those who in some way or another hamper the normal development of the electoral process. The 2,000 workers of the JNE, which is in charge of the elections, went on strike demanding better salaries and out of solidarity with the strike which public servants launched 11 days ago also demanding salary hikes.

Today, public servants again clashed with police in downtown Lima while the government announced that it had approved three decrees increasing the employees' wages. Economy Minister Guillermo Garrido Lecca stated that the hikes granted during the first quarter of this year amount to 290,000 soles ($36) per month.

Representatives of public administration labor unions last night walked out of a meeting with a government commission because they considered that the hikes granted were insufficient.

Prime Minister Luis Percovich said that the hikes are the most the state can afford and that if the strikers maintain their attitude legal measures will be implemented dismissing those who remain on strike after the Labor Court rules that the conflict has been resolved.

TERRORISTS WOUND AP CANDIDATE FOR DEPUTY

PY161829 Lima Cadena Panamericana Television in Spanish 0200 GMT 16 Mar 85

[Text] Interior Minister Oscar Brush today reported that presumed terrorists shot at Walter Panduro, Popular Action [AP] candidate for the Chamber of Deputies, in Tingo Maria yesterday. Panduro was hit by only one of the five bullets fired at him and was wounded in the shoulder. The attackers, believing him to be dead, left on his body one of the signs they often leave behind after their attacks.

NEW CABINET, MINISTERS OF STATE ANNOUNCED

PA131710 Caracas Television Service in Spanish 1544 GMT 13 Mar 85

[Decrees No 521 and No 522 announcing new cabinet composition and ministers of state; read by announcer from the Sol de Peru Room of Miraflores Palace -- live]

[Text] According to Decree No 521, the cabinet is composed as follows:

Octavio Lepage	Interior Minister
Simon Alberto Consalvi	Foreign Minister
Manuel Azpurua Arreaza	Finance Minister
Andres Eduardo Brito Martinez	National Defense Minister
Hector Hurtado	Development Minister
Luis Carbonell	Education Minister
Otto Hernandez Piereti	Health and Social Welfare Minister
Felipe Gomez Alvarez	Agriculture and Livestock Minister
Simon Antoni Pavan	Labor Minister
Juan Pedro del Moral	Transportation and Communications Minister
Jose Manzo Gonzalez	Justice Minister
Arturo Hernandez Grisanti	Energy and Mines Minister
Juan Otaola	Environment and Renewable Natural Resources Minister
Rafael Martin Guedez	Urban Development Minister
Milena Sardi de Selle	Youth Minister
Carmelo Lauria Lesseur	Minister of the Secretariat of the Presidency

According to Decree No 522, the ministers of state are:

Leopoldo Carnevalli	Minister of State, Chief of Office of Coordination and Planning
Carlos Rafael Silva	Minister of State, President of the Venezuelan Investment Fund
Ignacio Iribarren Borges	Minister of State, President of National Council for Culture [Consejo Nacional de la Cultura]
Tulio Arends	Minister of State for Science and Technology
Manuel Perez Guerrero	Minister of State for International Economic Affairs
Leopoldo Sucre Figarella	Minister of State, President of the Venezuelan Corporation of Guyana [Corporacion Venezolana de Guyana]

The new governor of the Federal District is Miguel Angel Contreras Laguado and the chief of the Central Budget Office [Oficina Central de Presupuesto] is (Eduardo) Mayobre.

LUSINCHI DELIVERS STATE OF NATION ADDRESS

PA132004 Caracas Television Service in Spanish 1447 GMT 12 Mar 85

[President Jaime Lusinchi state of nation address delivered before the National Congress in Caracas -- live]

[Text] Citizen President of the Congress of the Republic, citizen Vice President of the Congress of the Republic, citizen President of the Supreme Court of Justice, citizens magistrates of the Supreme Court of Justice, citizen President and members of the Venezuelan Supreme Electoral Court, citizen President and members of the Council of Judges [Consejo de Adjudicatura], citizen former President of Venezuela and life member of the Senate Carlos Andres Perez [applause], citizen former President of the Government Junta Rear Admiral Wolfgang Larrazabal, citizens ministers and members of the Executive Cabinet, citizen Dr Gonzalo Barrios, citizen Governor of the Federal District, Your Excellency the Apostolic Nuncio and doyen of the diplomatic corps, Your Excellencies gentlemen ambassadors and charge d'affaires of friendly countries, citizen General District Attorney, citizen General Comptroller, citizen Attorney General, citizens officers, generals, and admirals, members of the Military High Command, citizens presidents and members of the municipal councils of the Federal District, Sucre District, and Miranda State, citizens presidents and directors of the national academies, citizen president and members of the Bolivarian Society of Venezuela, citizens rectors of the national universities, Your Excellencies monsignors, bishops, and auxiliary bishops of Caracas, citizens presidents of the autonomous institutes and state enterprises, citizens senators, and citizens deputies:

In compliance with a very important constitutional order, a clear expression of our democratic nature, I come before the representatives of the people of Venezuela to give a responsible and accurate account of my actions during my first year in office. I will be brief because in the annex of this message as well as in the minister's reports you will find the necessary material for analysis in order to deliver your verdict regarding our actions. I have also come before the National Congress with the assurance that the judgment will be well-balanced. As president I hope, and wish to express also, that that judgment will not go unheard, but rather, be encouragement to persist or a sign to correct, because, even though we are strong in our good faith we are far from being infallible. We do not think of government as a precarious practice of a unilateral imposition of ideas; our horizon is the quest for the best solutions in a daily confrontation of ideas.

I was sworn into office during a crucial year for Venezuela; 1984 marked the beginning of a new idea of government. From the very beginning we sought to overcome the climate of conflict and discouragement, of uncertainty and pessimism, that had taken over the country in the past years, years we all wish to forget.

Let us recall that facts speak for themselves. The economic stagnation, a disorganized public administration, and a lack of direction in the matters of the state gave the impression that Venezuela had entered a phase of progressive deterioration threatening to endanger the advances achieved in various orders during the years of the democratic era. The capacity of the Venezuelans to face difficult situations and to overcome them was at stake. We had our democratic experience in our favor. This is why last year, when I addressed the country and the National Congress I said: Democracy is already an experience and a spontaneous and irreversible way of living; and I added: We also know that it is the only system capable of correcting itself.

It is understandable that in 1984 economic matters should have occupied a great part of the national government's and the people's attention. The urgent situation we faced and the deplorable state in which the national economy found itself justified this priority. However, the social demands, the institutional, structural, and organizational deficiencies are still present and we must work on them because of their intrinsic importance since it is in these deficiencies that the roots of the most pressing problems lie.

On 24 February 1984, less than 2 weeks after assuming office, I addressed the country to announce the new government's economic plan and the general strategy of reorganization and recovery. At that time I said that as one of the first steps to achieve an economic recovery we would guarantee the self-sufficiency of the oil industry, decrease the fiscal deficit, balance the balance of payments, and resolve the problem of the domestic and foreign debt. Today I can say that we have fulfilled what we promised. We have reestablished the financial self-sufficiency of the oil industry; today it has the necessary funds to advance in its investment plans and has reserves that allow it to participate in the development of the country.

The deficit of the consolidated public sector which in 1983 represented 4 percent of the gross territorial proceeds was eliminated in 1984 when we reached a surplus of 7 percent. To achieve these results the austerity measures and reorganization of public enterprises included in Decree 55, of which I informed the country on 14 March 1984, were essential. The measures applied through this decree allowed us to eliminate or decrease the areas that generated unnecessary spending and due to this during this year we will be able to balance our public finances.

The balance of payments showed a current account surplus of $4.291 billion and the balance in our current and capital transactions was plus $2.065 billion. This allowed the international reserves to increase by $1.320 billion during 1984 achieving a level, as of 31 December 1984, of $12.469 billion and by 28 February 1985 the international reserves amounted to $12.863 billion.

These figures are highly significant if you recall that they were achieved after covering the external public debt's interest, which was over due early in 1984, and after starting to pay the external private debt's interest, and normalizing the foreign exchange supplies for imports to supply foreign raw materials to the national industry. This did not represent an obstacle, either, to obtain positive results in our balance of payments.

Regarding our internal debt, the exact amount was determined and paid, even though the state and state-owned organizations had debts for which no resources were available, and some of which had not been duly registered. In order to honor these obligations, the president of the Republic was authorized to adopt the financial or economic measures deemed necessary to safeguard public interest, including the possibility of issuing national public debt bonds, with the intention of paying debts incurred as of 1 January 1984. The executive branch has exercised its power and approved decrees to issue bonds, and these funds will be used to pay the internal debt -- up to the amount of 14,467 million bolivares -- debts incurred in previous years with government workers, contractors, and suppliers.

I must underscore that, in these cases, as with all the public bonds to be issued according to the authorization provided for by the law and regarding the renegotiation of our external public debt, this will not represent incurring new debts but regularizing a pre-existing law, the normalization of a harmful situation which prevailed in our public sector and many private organizations.

We are not talking about debts incurred by the current administration, I repeat, but debts incurred prior to 1 January 1984 and, according to the law, we have to pay in order to recover the government's seriousness regarding its financial obligations and to restore normal activity in our national economy. Let this be clear once and for all. [shouts, applause]

The external public debt, which was one of the most urgent and critical problems we found, was solved through the agreement achieved with creditor banks on 22 September 1984. This agreement, opportunely and fully explained to the sovereign congress by the finance minister, will soon be presented to all the creditor banks in the public sector. I wish to underscore that this agreement does not only represent an international recognition of the government's serious and cohesive economic program and the country's credit recovery; it also means that this government will start to pay the debt, thus concluding the inveterate practice of leaving the payment of debts to future administrations. In addition, these debts were not incurred by the current administration; they represent the inheritance of carelessness which dates back several years. This government does not elude its responsibilities. [applause]

I must also mention that the renegotiated amount represents more than 90 percent of the external public debt, and the renegotiation agreement will not represent an additional disbursement of dollars in the future, other than the amount that should have been paid in 1984. There is another characteristic about the framework of the renegotiation achieved by Venezuela: For the first time, such an agreement has been attained without resorting to an agreement with the IMF. This would have included restrictive conditions on the Venezuelan Government's capacity for action.

These achievements have been possible because an austere and coherent economic stabilization plan was adopted from the beginning, aimed at reorganizing the national economy and establishing the bases for a solid recovery of the national production sector.

This program has been aimed to create a clear frame of reference and to restore the basic macroeconomic balance. It analyzed the public sector's debt, the external debt, and the balance of payments. The program also included plans regarding our foreign exchange system, financial area, prices, rational use of oil by-products, reorganization of the public sector, and the creation of conditions and incentives to develop the industrial, agricultural, and construction sectors. We have also fulfilled our pledges in these areas and it was by no means a small feat.

Regarding our foreign exchange system, measures were adopted to eliminate the bolivar's inflated value, stabilize the exchange rate, and advance toward a unified exchange system. In addition, the Central Bank of Venezuela's participation in the free foreign exchange market was modified. The new exchange rate represents an incentive for exports and paves the way for replacing imports, while creating a starting point for production activities.

Throughout the year, more than 900 products were transferred from the preferential exchange of 4.30 bolivares to a dollar list to the 7.50 bolivares to a dollar list, with the intention of moving toward a simplified exchange rate system. Only nine products are currently on the preferential list and they will be transferred to the 7.50 bolivares to a dollar list this year. This is also a significant achievement. [applause] Actions were taken in the financial sector to improve and develop the system, including the solution of problems presented by concerned organizations.

For that reason, an organic law was approved to authorize the president of the Republic to adopt the measures deemed necessary to defend public interests, by paying, with public debt bonds, the liabilities incurred by the people's deposits. In this concern, the issuance of bonds has been approved to cover debts of the National Discount Bank, General Credit and Business Organization, and the Trade Development Bank of Venezuela, and they have already started to return the people's deposits. We have also started plans for the recovery of the Workers Bank of Venezuela and, within the next few weeks, we will announce measures to solve the problems being experienced by the Trade Development Bank of Maracaibo and the Regional Development Bank of Zulia. The proper measures have, therefore, been adopted and this will strengthen the people's trust.

Seeking to create greater stability in the financial system and to guarantee the people's savings accounts, especially small savings accounts, and their immediate access to these resources, we will soon approve the creation of a system to insure savings accounts; this system will clearly establish the banks' responsibilities. A foreign exchange compensation fund has been created in order to consoldiate our financial policy; it will handle the funds that will be used to compensate the Central Bank of Venezuela's losses regarding future foreign exchange rates, the financing of our public debt, and mortage organizations.

Regarding interest rates, we have returned to regulations established by the Central Bank of Venezuela. Preferential rates for the agriculture sector have been established. The percentage of credit funds for the agricultural and the agroindustrial sectors was increased and preferential rates for social housing were established.

To bring health to state enterprises, we improved some collection systems and maintained others.

Regarding prices, the average consumer price index increased by only 12.2 percent, which is below preliminary estimates. It is worthwhile to point out that in spite of the devaluation of our currency and our mounting dependency on exports, we have been able to keep inflation down to that limit.

These results were secured in spite of the fact that we had to absorb the effects of the devaluation that preceded us and to review the prices on many products, prices that had been comfortably increased on a deferred basis.

The policy implemented in this regard was one of the most delicate, controversial, and successful policies implemented by this government. It included establishing new prices for agricultural and livestock products, elimination of subsidies, replacing the price-control system, and creation and implementation of the Costs, Prices, and Wages Commission in line with a law approved by this Congress.

We also changed the local price of gasoline and other oil by-products to rationalize consumption and to partially eliminate subsidies that affected the income of the national oil industry and the treasury.

The reorganization of the public sector began with the implementation of the austerity plan outlined in Decree 55, the application of the Qualifying Law [La Ley Habitante], the designing and implementation of state enterprises recovery plans, and the liquidation of the Venezuelan Corporation for Development, Agricultural Marketing Corporation, Adagro [expansion unknown], Transport Investors, the Municipal Institute of Collective Transport, and Minas de Naricual Mines, C.A.

The situations of the various state governments were given special attention. By 2 February these governments were facing a huge financial deficit and lack of human resources, as well as a growing deterioration of their educational, hospital, and service installations, including streets and avenues.

We took immediate action, within the framework of the government's austerity, discipline, and social plans, to overcome this situation. We can definitely say today that we are on the road to success. As an example, we can point to the capital of the nation, Caracas. Here, a healthy administration of finances, the recovery of installations, the restructuring of an overgrown bureaucratic apparatus, and the recovery of trust in the law and in the potential of the government are real and verifiable facts.

This reorganization program has been complemented with policies aimed at reorienting public expenditures toward investments and at encouraging private investments. I will explain this when I touch on the various sectors.

The basic instrument for implementing this policy has been the law that authorizes the president of the Republic to adopt economic and financial measures as required by public interests. I presented the bill for this law in April. The bill was then improved by Congress.

In implementing this law we have been cautious, but we have acted with firmness. It has been thanks to this legal tool that we have been able to overcome situations that had appeared to be without solution. In implementing this law, we have accomplished a high percentage of the actions it calls for, especially in the reorganization of the public sector, where there is still much to be done; in the payment of debts; in improving finances; and compensatory measures, including the reform of the laws on alcoholic beverages, revenue stamps, and consular services.

The so-called qualifying law permitted the adoption of compensatory measures to benefit the population's less-favored sectors. These measures include a transport subsidy for workers with monthly salaries under 3,000 bolivares, an employees' payroll increase of 10 percent [as heard], and either the installation of dining halls for employees or the institution of a compensatory food subsidy. At the same time we began implementing a special employment plan at a cost of 1 billion bolivares.

Compelled by the concept of advancing in the framework of a coherent economic policy, we prepared an economic program that will permit the setting of goals in fiscal and monetary policies and will also permit evaluations of how well the goals were accomplished.

As a result of these actions, we can say that this has been a year of necessary adjustments that could not be delayed or avoided. These adjustments have brought improved health of the fiscal and financial situation, normalized the foreign sector [normalizacion del sector externo], and made the productive apparatus adequate for the new true situation.

At the same time, we have generated financial savings that permit us to advance more surely in the recovery process toward a new phase of economic growth. Now we are standing on solid ground.

This has been a difficult year and we are only at the beginning of this new phase. In spite of the efforts that have been made, both domestic and foreign economic activities show decreases amounting to 1.7 and 0.8 percent, respectively, in the gross national product. This means that the real product had a drop of 1.68 percent in 1984. Although these figures compare favorably with the product's 1983 decrease of 4.8 percent and with the 3.4 percent drop in the economic activities of the same year, last year's results are not satisfactory. This year we will dedicate ourselves with special zeal

to encourage real activities and to the creation of jobs. But we have stopped the fall. [applause] We don't want to think about what could have happened.

I want to point out that in spite of all the problems that our government had to face during the first year of the administration, from February to December 1984 the creation of jobs was greater than the growth of the Venezuelan population. During that period, 198,000 new jobs were created, whereas the labor force only increased by approximately 143,000 persons. This means that the unemployment rate decreased from 13.7 percent in February 1984 to 12.4 percent in December of the same year. In that brief period of 10 months we were able to reverse the trend. Unemployment, of course, remains the main source of concern of the people and the government. We will dedicate our main efforts to resolving this problem.

It is worthwhile pointing out that in 1984, important advances were made in fundamental sectors of the economy. For example, in the agricultural sector, the real product growth was 2.25 percent. In the manufacturing industry, growth was 3.9 percent as a result of the expansion in the textile, food, plastics, petrochemical, chemical, paper, rubber, steel, and aluminum industries. In water and electricity services, the increase was 4.7 percent. Construction and other service sectors showed no growth.

This situation demands new efforts and forces us to set new goals, but it also proves that we are on the right road. We are aware of the fact that we have set the basis for a healthy growth of the national economy that can result in jobs for more Venezuelans and improve the standard of living and purchasing power of the workers who have been very much affected by the crisis. At the end of the first year and the beginning of the 4 remaining years of this administration we can already see the light at the end of the long and difficult tunnel, but we have to move faster. Let's go forward.

We promised to make agriculture this government's first priority and we did. Throughout 1984 we gave this sector the necessary incentives to turn it into an important factor for development and to reduce our vulnerability, which was created by a serious foreign dependency. Based on the incentives law we issued a decree refinancing agricultural producers debts incurred prior to 31 January 1984 with public and private financial institutions. This decree established new conditions and terms of payment to include a grace period of not less than 3 years. [applause] We granted the agricultural sector solid financial support when we amended the bank laws to increase private bank loans to 22.5 percent of their commercial paper holdings; that is, 17 percent for agricultural production and 5.5 percent for the agroindustry. We also authorized commercial banks to finance agricultural activities up to 10-year terms.

We amended the law to authorize the Central Bank of Venezuela to discount bills of exchange, promissory notes, and other credit documents issued for agricultural financing for more than a 1-year term. In the area of finance, we also reduced the interest rate for loans granted for agricultural products to 8.5 percent.

We decreased the price of fertilizers by 50 percent to encourage the use of this important material for agricultural production and to establish compensation for the farmers in the amount of 411 million bolivares. In an attempt to give the plans for the Venezuelan agricultural sector consistency and continuity, we have drafted a 10-year plan for the consolidation of agricultural and livestock development. This plan will be studied by the Council of Ministers in the next few days and a special law to guarantee its enforcement will be submitted to the Congress.

Through the Agricultural Development Bank [Bandagro] and the Agricultural and Livestock Loan Institute [Instituto de Credito Agricola y Pecuario -- ICAP], loans totaling 2,400 billion bolivares were granted, 17.5 percent more than in 1983. There is no doubt that this financing has been a decisive factor in our plan for agricultural recovery.

In the realization of this objective we have achieved unprecedented recoveries in two financial entities: 97.2 percent in Bandagro and 79 percent in ICAP. With this we have proven that the agricultural sector will respond when loans are timely, integral, and free of obliging attitudes, and when it receives remunerative prices and punctual payment for crops.

We must stress that the work done in the agricultural sector was accomplished with the help of the unions and the various producers associations. This is how producers' credibility in the government was recovered. Some of the credibility was achieved through the payment of debts and the fulfillment of the commitments made to the producers totaling 2.02 trillion bolivares, which we found pending when we assumed power. In reply to the incentives offered, the value of agricultural production increased by 2.25 percent at 1978 prices. Substantial production increases were also reported: corn, 12.1 percent; sorghum, 29.8 percent; potatoes, 8.6 percent; cotton, 19.4 percent; peanuts, 33.9 percent; sugarcane, 4 percent; marine products, 14.9 percent; and pork, lamb, and fowl, 11.3, 13.3, and 8.3 percent, respectively.

On the subject of land policy, through the National Agrarian Institute we authorized the posting of 22,200 short-term agrarian pledges for a total of 263,730 hectares. This was aimed at permitting small and medium-sized producers to have access to the loans. The approval by the IDB of the requests for loans presented by the National Agricultural Investigations Fund [Fondo Nacional de Investigaciones Agropecuarias, Fonaiap], Agricultural Loan Fund [Fondo de Credito Agropecuario], and the National Reforestation Company [Compania Nacional de Reforestacion -- [Conare] were of great significance. These are special loans with conditions that do not commit us to anything granted by a financial entity for regional cooperation to which Venezuela belongs and contributes.

For 1985, the planned actions are aimed at consolidating agriculture as a priority economic activity and at the investment of approximately 2 billion bolivares. Most of these funds will be invested in production units in deforestation, ground leveling, internal roads, the building of terraced fields, and the improvement of other fields. It will also be used to improve livestock and for the cultivation of grazing land. Special emphasis will be placed on agricultural investigations, especially in the areas aimed at increasing production.

In conclusion, in the area of agrarian reform we will promote the new system of organizing production through integrated peasant enterprises and group organizations with legal status, of adequate size, and the proper technical management that will allow us to improve the peasants socioeconomic conditions and increase production.

The industrial and commercial policy was aimed at the consolidation of the efforts of the public sector to normalize and expand production through incentives and guidelines that would favor national products and contribute to the reorganization of the balance of payment. As a result of these policies, the manufacturing sector reported a significant recovery. In 1984 its growth, excluding the refining of oil, was 3.9 percent, a figure that contrasts with the 1.6 percent drop reported in 1983.

The applied policy emphasized the substitution of imported goods and services to protect the national industries that produce semifinished and finished goods. At the same time, it placed special emphasis on normalizing prices to guarantee that the change in prices, indispensable because of the new parity of exchange and to prevent the collapse of companies that were being affected by the 5 years of stagnation, would not go beyond the normal limits of the consumers' standard of living and unleash an uncontrollable inflationary situation.

The executive branch completed its efforts with the creation of the National Cost, Price, and Wage Commission in accordance with the law approved by this Congress. At the same time, with the reorganization of the loan institutions that operate under the Development Ministry, the policy of industrial financing and promotion was fundamentally directed to support the work capital needed and to finance the expansion and consolidation plans of the industrial sector.

The Industrial Bank of Venezuela deserves special mention. This bank has been resolving its financial situation, allowing it to grant loans totaling 2,554 billion bolivares and to recover 3,184 billion bolivares. This is undoubtedly a change. [applause] The Venezuelan Development Corporation [Corporacion Venezolana de Fomento] was declared in liquidation through a presidential decree because of its chronic financial insolvency situation. Its loans operations were halted and all of its active assets were transferred to other public and private organizations. This process has just begun.

As a fundamental part of our strategy to quickly bring about the required changes in the makeup and orientation of production, the Development Ministry will divest itself of the purely overseer attitude that characterized it in the last few years and once again assume the functions of a director and planner of the country's industrial and commercial activities. To this effect, we anticipate drafting an overall industrial development plan and sectorial programs per branch or groups of manufacturing concerns to permit us to have available, in a short time, a more specific plan for imports substitution, bearing in mind the export markets, updating the industrial features of each branch, and extending them at the level of concrete industrial projects. We are placing special emphasis on the promotion of nontraditional exports.

Regarding the financial policy, we will promote the use of the idle portion of our existing industrial capacity. The Industrial Credit Fund [FCI] and Corpoindustria [expansion unknown] will develop credit assistance programs aimed at meeting capital requirements for basic projects which will contribute to lessening our foreign independence.

Within this process of industrial revitalization, we have given priority attention to small and medium-sized industry, to arts and crafts, and to the development of cooperatives. The reorganization of and purge at Corpoindustria made it possible to make payments in excess of 370 million bolivares on the overall inherited debt. Recoveries through ordinary collections reached 130 million bolivares. Industrial credits totaling over 400 million [currency not specified] and approximately 200 small, special, and social welfare credits totalling over 12 million bolivares were granted.

Our outlook with regard to domestic and international tourism has improved significantly because of the bolivar's new exchange rates. The government is adopting the measures necessary to take advantage of our country's extraordinary potential in this area. It it taking steps to expand our hotel capacity by using FONTUR [not further expanded] and is exploring the possibility of implementing a new aeronautical policy to give us access to the international market.

The assets of the Venezuelan Investment Fund [FIV] grew during 1984 to a total of 82 billion bolivares, which represents an increase of almost 20 percent in comparison with 1983. All contributions due the FIV, according to law, were punctually delivered to it by the executive branch. Earnings during 1984 totaled 9.7 billion bolivares. FIV resources abroad that are available for immediate investment have substantially increased, having grown from $646 million in 1983 to $1.316 billion as of 31 December 1984 and to $1.411 billion as of 28 February 1985. This is further insurance for our nation's economy. At any rate, this is the way it was originally conceived. [applause]

The fund's efforts at the national level were reflected through disbursements totaling 4.2 billion bolivares. In the area of international financial cooperation, disbursements totaling 957 million bolivares were made. In this regard, the FIV's assembly voted to change the terms of the agreements signed in 1984, provided that 50 percent of disbursements be made in foreign exchange and 50 percent in bolivares and that the bolivares be used by the beneficiary countries to purchase and use Venezuelan goods and services.

We have implemented a policy of international financial cooperation which is consistent with our country's need to promote and diversify our exports and to reinvigorate our national production machinery. From a financial standpoint, the FIV has scheduled assistance and support through credits and capital contributions totaling 8.175 billion [currency not specified] during 1985. These resources will make it possible to complement the financing required for the execution of priority projects in the various basic sectors of our economy, with a positive impact on the nation's production activities.

The basic goals of the oil policy pursued during 1984 were to restore the industry's financial health, defend oil prices on the international markets, conserve oil on our domestic market, obtain maximum benefits from the operational and financial activities of the nation's oil industry, and continue the process of integrating it into the rest of the country's production structure.

In a nutshell, achievements under our oil policy were as follows: We fulfilled, without delay, our commitment to restore the financial and administrative self-sufficiency of Petroleos de Venezuela, S.A. [Fedevesa]. During 1984, our oil industry recovered substantially with exports of crude and its products totaling 1,517,000 barrels per day at an average price of $26.70 per barrel. In 1983, exports of crude and its products totaled 1,500,000 barrels per day at an average price of $25.31 per barrel. The industry's financial results, which I will mention next, are an indication of the deep change that has taken place in Fedevesa. Our oil industry earnings in 1984 totaled 15.713 billion, or more than double those in 1983 which totaled 7.609 billion [currencies not specified].

In view of the difficult situation on the international oil market, OPEC adopted momentous decisions to defend prices and stabilize the market. Worthy of mention among the decisions that were adopted with Venezuela's participation are the temporary reduction in the production ceiling of OPEC member countries and the creation of the Executive Ministerial Council to ensure compliance with decisions on production and prices.

OPEC's recent decisions have begun to bear fruit. However, we must remain on the alert because we have not yet overcome the period of uncertainty. Without resorting to alarming pessimism, we have kept and will keep the country informed about the oil market situation and will remain open and willing to cooperate in good faith to perfect our country's oil policy.

The new oil price structure has been in effect on our domestic market for 1 year. Its purpose was to eliminate the subsidy totaling over 3.7 billion bolivares which the state had been granting for domestic consumption. No less significant is the fact that this new system will contribute to making fuel available for export purposes while we eliminate the dangerous tendency toward an irrational increase in consumption.

We will pursue the following goals with regard to oil and gas during 1985:

To maintain a high enough level of reserve and production potential to guarantee an export level consistent with our need to obtain financing for economic development and to strengthen up our country's position with regard to contingencies on the international oil market, fulfilling, in all cases, Venezuela's commitments within OPEC.

To develop programs and projects offering the highest possible yield to the industry, bearing in mind the advisability of diversifying our export supply and increasing the added value of our oil products.

To make maximum efforts to substitute the use of liquid oil for natural gas and to design a system of gas pipelines to meet our country's gas requirements. Along these lines we will also draft a wide-ranging program to make use of the new energy sources and carry out another program to promote oil conservation and the most effective and rational use of oil.

As a fundamental part of our energy policy, we will continue to promote unity and harmony in OPEC as the key elements to stabilize the market and protect oil prices.

With regard to the petrochemical industry, I report that the Venezuelan Petrochemical Enterprise, Pequiven, recorded an overall income of 885 million bolivares in 1984, a significant increase over that of 1983. These results confirm a process of operational and financial recovery in that important state enterprise. As the cleanup of the petrochemical sector has been successfully completed, we now intend to implement a strategy to strengthen and diversify the sector's productive capacity to make it a dynamic part of the country's industrial and agricultural development. New plants and installations will be built to step up production, approach new foreign markets to generate more foreign exchange income, and satisfy the growing domestic demand for fertilizers and plastics.

Our 1984 energy policy stressed the advance of the electrical subsector, make progress in the process to normalize the administration and finances of the Electrical Administration and Development Corporation, and completed technical and legal studies to create a state mechanism to control that enterprise's administration and planning. We have established the following goals for 1985: to complete the drafting of the national energy plan; to promote the creation of a planning and control coordination mechanism for all enterprises that make up the electrical subsector; and to advance in the implementation of the transmission network that runs east and west from Guri.

Regarding infrastructure, policy was primarily directed toward the creation of conditions to reactivate Venezuela's economy. For this, programs were established and undertaken at the national level, including the special plan on the use and maintenance of the existing infrastructure. In addition, in order to improve the state's capacity to cancel debts, all debts to contractors and suppliers were consolidated and refundable public debt bonds were issued.

Regarding roadworks, the most important projects in 1984 were the construction, reconstruction, improvement, paving, and repaving of 335 km of expressways, highways, city streets, and country roads, and the maintenance program that was carried out in all of our land transportation network.

In order to ensure the fulfillment of our goal to make the Caricuao-La Paz-El Silencio line and the Chacaito-Palo Verde stage of the Caracas metro system, a total of 28 extra kilometers of trains, operational, works were reactivated by investing 616 million bolivares, construction plans for the period between August 1987 and June 1989 were rescheduled, and a bill was drafted to finance and contract those construction projects for a total of more than 10.5 billion bolivares, of which close to 8 billion bolivares will be financed with resources that have already been set aside.

With regard to public service enterprises under the Transportation and Communications Ministry, we initiated our plan for financial and administrative reorganization at the National Telephone Company of Venezuela, thus gradually improving telephone service. Its management has been reshuffled, its debt situation has been cleaned up, and we have controlled and reduced its expenditures, improved its policy of personnel administration, and rationalized its investments. At the VIASA and Aeropostal airlines, we were able to substantially improve the financial situations and revamp services. VIASA was reorganized and its goals were redefined to the extent that it has virtually been taken out of the state of bankruptcy in which we received the line, and its standards have been raised to unquestionable levels of recovery. The Venezuelan Navigation Corporation is now financially steady and has increased its cargo load by 8 percent compared to last year.

In urban development, important programs were developed in 1984 including the definition and implementation of policies that will guide the sector's activities in the immediate future. The housing sector's financial sector was reorganized, legal instruments that regulate urban development were revised, and plans to refurbish and renew urban areas to benefit the less affluent were drafted.

In order to revitalize the construction sector and award it a coherent pattern for development, measures were enacted to regulate the distribution of the excessive supply of housing and to give incentives to housing production and the tourist infrastructure.

In civil construction, important changes were introduced in the scheduling of projects and their scope, and specific criteria were defined for the selection of new construction projects, giving priority to those needed to cover the deficit of the social and economic infrastructure.

As part of the implementation of the special plan for the use and maintenance of the existing infrastructure, the Urban Development Ministry, with the participation of FEDE [expansion unknown] and the Foundation for Community Development [Fedecomun], managed approximately 4,000 contracts that were not included in its regular programs and an equal number of maintenance contracts, of which approximately 2,500 were completed in 1984.

In 1985 the progressive residence program and the special low-income housing program will be initiated as the pillars of our housing policy. This will begin to show immediate results, providing housing for low-income families who have no access to the private housing market. We plan to provide small lots that include basic services for more than 13,000 families and housing for 30,000 low-income families.

The 1985 budget includes an investment of 957 million bolivares to complete projects currently under construction, begin new ones, and continue the special plan for the use and maintenance of infrastructures. We will reorganize the National Housing Institute [INAVI] to make it efficient and productive, and draft bills to establish a system of option purchasing of rental units.

Among the projects for Caracas, the proposal Jose Maria Vargas Park is especially important because it will join El Calvario and the Los Caobos Park through green areas adjacent to Bolivar Avenue. This will be a manificent green area for rest and recreation for the residents of Caracas and honor the great patriot Vargas, tutor to the liberator, prominent physician, teacher, and respectable president of the Republic.

Regarding the Environment and Natural Renewable Resources Ministry, due importance has been attached to the maintenance of the Caracas drinking water system and its primary sources. In addition, work to supply water to the central coastal area have begun. We will initiate the necessary work to guarantee Caracas' water supply now and in the future.

Regarding environmental protection, a clean-up program for the central coastal area beaches has been initiated. Actions have been taken to decontaminate the Maracaibo and Valencia Lakes and beaches in the country's eastern regions, including those on Margarita Island, as well as the Uchire Lagoon, the latter through its natural drainage in (Boca de Mora).

The program for the conservation and handling of river basins in Tachira, Trujillo, Lara, Sucre, and Monagas Departments has continued. In addition, the work at the Masparro and Tucupido dams in Barinas and Portuguese Departments were resumed. Regarding garbage collection, the number of usable Metropolitan Institute of Urban Sanitation [IMAU] vehicles was increased threefold through a maintenance and restoration policy implemented on vehicles that had previously been left to rot and to be used as scrap metal. The IMAU also improved its organization and efficiency.

An environmental cleaning program has also been drafted to make new land available for agricultural purposes. A firm forest policy will be adopted to attain self-sufficiency in raw materials, ensure the necessary legal status for the industrial forestry sector, and the proper handling and explitation of national forests. It has been planned to conclude the studies leading to the immediate construction of the Maracaibo lain system that will benefit approximately 10,000 hectares through irrigation in the plan's initial stage. Another important sector is the Venezuelan Corporation of Guayana [CVG]. The corporation has been assigned the development of natural resources in this region and the completion of the physical infrastructure for the state's basic industries through its various divisions. During this year, the organization has achieved significant progress in the restoration of the Guyana program and the recovery of its divisions. In this way, the number of unemployed in this region has been reduced by 5.2 percent. One of the main achievements of this enterprise has been the completion of the freeway between Ciudad Bolivar and Guyana. Special mention must be made in the industrial restoration program of the state enterprises that form part of the CVG whose results during this year have been very satisfactory.

An important increase in these enterprises' production was achieved and this had favorable consequences expressed in larger revenues and earnings. Among the enterprises' achievements, we can mention the following: Interalumina's production was 14 percent above the plant's designed capacity. Alcasa's [Caroni Aluminum] production was approximately 120,000 metric tons. This represented 100 percent of the plant's production capacity. This is a record production figure for this enterprise. SIDOR [Orinoco Iron and Steelworks] reached a production above 2,500,000 metric tons. This represents a 16-percent increase above 1983 production and is the largest the plant has ever attained. Fesilven's production was 38,000 tons and rose above expected production goals. Ferrominera del Orinoco increased its sales by 2,700,000 tons above the 1983 figure. The total sales for CVG subsidiaries increased by 42.7 percent, from 9.837 billion bolivares in 1983 to 14.034 billion bolivares in 1984.

In addition and as a result of increased production and sales, reduced unit production costs, and the new exchange parity, the subsidiaries obtained earnings of more than 2 billion bolivares. The following enterprises obtained significant increases in 1984 over those in 1983: Venalum [Aluminum Company of Venezuela] 88 percent; Alcasa, 456 percent; Edelca [Caroni River Electrification Project], 45 percent; Ferrominera, 198 percent; and (Cesilven) obtained earnings of 83 million bolivares for the first time in its history. [applause]

We must also mention SIDOR whose sales to the local market grew by 42 percent. The enterprise obtained operational earnings of 600 million bolivares. This meant an increase of 102 percent over 1983 earnings. Special mention must be made of Venalum, whose installations my administration received in poor condition. Through the reconditioning of its equipment and installations, the enterprise succeeded in increasing its production by 12 percent over that attained in 1983.

In addition, Edelca completed the construction of the main gravity dam in the Guri project and started three units capable of generating 1,435 megawatts. This figure represents an increased capacity of 59 percent. Edelca also pressed the Guri substation, which is capable of generating 800 megawatts, into service. With these works, Edelca increased its contribution to the interconnected system by 44 percent. The project's final stage will be financed by the IDB. It will cost $350 million.

The completion of the civil works and the resuming of the electromechanical works at the Guri project and its transmission system have been planned for 1985, as well as the beginning of the Lower Caroni project, the continuation of the plans for the construction, installation, purchase, and assembling of equipment to initiate the exploitation of bauxite in order to substitute it for exports and strengthen the industry. Other plans for 1985 include the initiation of the construction of an aluminum sulphate plant, the beginning of substitution studies for imported coal used by Sidor and Fesilven, the integration of Minorca to the iron ore-fed direct reduction process, the forest exploitation project for the La Sierra and Mataca resources, and the exploitation of the forest and mining resources of the lower Guri.

During this first year of government, 1,028 collective contracts were signed benefitting 250,909 workers. The contracts were worth more than 8 million bolivares. This represented an increase of more than 100 percent over the 1983 goals. Some 170 unions and 5 federations were given legal status, and 7 national labor management agreements were signed. An especially important achievement during this first year of government has been the signing of the first collective contract between the Education Ministry and the teachers. This contract benefits more than 153,000 teachers and professors [applause] including 140,000 active teachers and more than 13,000 who are retired.

In addition, 122 labor-management conflicts were solved, and a single strike occurred during this first year. This strike should not have taken place; however it was solved quickly. [applause] I want to stress that until 31 December 1984, we approved allotments for 5.554 billion bolivares to pay back salaries to state workers. [applause and shouts] Recently, we took action to return to the Venezuelan Institute of Social Security, IVSS, 1.83 billion bolivares that the institute deposited at the Venezuelan Workers Bank.

When this government's term began, it became necessary to contribute 580 million bolivares to the IVSS through an additional credit to cover operating expenses during 1984 that had not been included in the budget. Recently, the ministers council approved an issue of bonds according to the qualifying law [ley habilitante] for 1.704 billion bolivares to contribute to the IVSS the amounts that should have been handed over to the institute for 1978 to 1983 per article 69 of its statutes.

In addition, everything necessary was done to ensure the enforcement of decrees 178, 179, and 221 of the qualifying law with the following results: 85 percent of the decree ordering a 10 percent increase in payrolls was fulfilled and 84,400 new jobs were generated during this term. The transport compensation benefited 1,130,000 workers throughout the national territory, except for a few exceptions that did not reach 1 percent. The industrial cafeteria decree was enforced on the payment of a compensation. This produced a salary increase of more than 2.3 billion bolivares for those benefited.

The pledge to increase agricultural workers' minimum salary was fulfilled with a 60 percent increase, and the workers' salary rose from 25 bolivares to 40 bolivares per day. In other words, their monthly wages rose from 750 to 1,200 bolivares. In addition, it was decreed that urban workers salaries will be increased to 1,500 bolivares per month, which will be enforced on 15 March 1985. This represents a 66 percent increase over the current 900 bolivares salary.

Regarding the Venezuelan Social Security Institute, six mobile clinics were inaugurated in Tinaquillo, Tocuyito, Mariara, San Joaquin, Upata, and Barrio Union in Barquisimeto. As of December 1984, revenues totaled 337 million bolivares. This has allowed us to finance operations. Another important achievement has certainly been the normalization of authorized pension payments; 118 million bolivares are paid each month for retirement, partial disability, total disability, and survivors benefits.

At the beginning of the 1984-85 school year, the executive branch increased its coverage of the education system, which includes a national registration of 3,509,988 students. This represents a 7.4-percent increase if compared with the previous year. From a list of 100,157 applications to the different higher education institutions throughout the country, we have been able to assign 70,148, which represents 70 percent; approximately 21,171 seats are still available, thus reducing the deficit in seats to 8,838. It is appropriate to mention that the literacy percentage rose 72.6 percent and the higher education percentage rose 5.6 percent. The most significant emphasis has been placed on basic education and literacy drives in order to solve the problems which prevail in the student's incorporation, participation, and achievements within the education system. Some 23,000 new scholarships were granted basically to students from the slums, Indian zones, and rural areas. In addition, 1,754 college students were granted scholarships and education credits, and emphasis on social education, orientation, health, and assistance was increased 25 percent.

During 1984, we began reviewing the curriculum for all of the different educational levels and sectors in order to adjust it to the specific characteristics of the country's socio-cultural and economic aspects. Free, mandatory basic education was increased to nine grades, all of the students' academic levels were improved; and technical schools were reactivated to orient the students toward the agro-industrial sectors. All of this was carried out on a priority basis. During 1985, the new curriculum system for the pre-school level will be tested based on the Venezuelan children's interests and needs. A new plan of studies will be enforced throughout the country for the first 3 years in primary school. The study of Venezuelan history will be reactivated, the basic education project will continue to be tested at institutions where this is possible, and the programs to train and improve the teachers' abilities will be stepped up to raise the quality of our country's education.

This administration's government program sought to achieve two health policy goals: the establishment of a national health system and the strengthening of our health, emphasizing the use of preventive medicine. As the first step to establish a national health system in Venezuela, the executive branch has created a health supervisory committee. The first phase of the system includes a coordination of all public sector health institutions' activities, sharing resources in order to give preventive and curative medical assistance to all of the population living in their areas of influence.

Measures have been adopted to alleviate the deplorable situation that prevailed in the hospitals at the beginning of our administration. This included the allotment of special funds -- 44 million bolivares -- to purchase the proper equipment. In addition, 50 million bolivares were spent on hospital equipment maintenance and 100 million bolivares -- within the special employment plans -- were spent on maintenance to the physical structure of hospitals and health centers. The hospital's grave deterioration will demand serious efforts to provide the proper equipment, organization, and supplies this year.

The government will exert itself in this area, but [applause] it also demands united efforts, and services to the people by all medical and paramedical personnel, and health sector workers. We have appropriated 39 million bolivares to curb the reappearance of malaria cases, based on the programs which have been enforced.

We expect an obvious decrease in malaria cases during the second half of this year. The national vaccination plan will begin in a systematic way within the next few days, once the proper plans and supplies have been prepared.

Regarding nutrition, in addition to reactivating the distribution of milk and school meals for children, we renewed the distribution of acidophilus milk to babies -- the so-called drop of milk that is so important for the nutrition and education of small children. We intend to strengthen [applause] all the programs aimed at helping mothers and protecting the family. [applause]

In 1984, the National Council for Culture proceeded to adjust and assign budget credits for subsidizing public and private cultural organizations. This measure is aimed at correcting the unequal balance which prevails between Caracas and the rest of the country, and favoring a coherent and systematic decentralized policy which seeks to form and improve our human resources. A commission for special studies was created to reevaluate and assert our traditional popular cultures. The commission will evaluate the Inter-American Institute of Ethnic Music and Folklore, the National Folkloric Institute, and the National Folkloric Museum. This evaluation represents the first phase of a process to reorganize these organizations and achieve a greater effectiveness and cohesiveness when carrying out plans and projects. In addition, the National Museums Directorate and National Theater Group were created.

For 1985, the National Council for Culture intends to carry out a plan which includes its administrative regionalization and decentralization; the formation and training of human resources in the different art sectors; an adequate policy for cultural development; the enforcement of a plan to grant subsidies according to cultural policy goals; and a permanent effort to promote, safeguard, and rescue the traditional popular cultures. [shouts, applause]

The current administration has adopted the necessary measures so the science and technology sector's institutional efforts can live up to our social and economic situation and demands. Consequently, the industrial sector has been brought closer to the scientific and technical sector so that products from the latter may be used to increase the industrial sector's production. In addition, within the framework of the priority goals established in the agricultural sector, the Fonaiap [expansion unknown] and SIETE [expansion unknown] have increased investigations in the agro-industrial sector and technical assistance to producers. We plan to step up technical eforts so that the proper organizations may fulfill the local market's demands, thus breaking our technological dependence as much as possible and generating national technology rights. The development of low-cost, high-yield technologies will be given top priority whenever they apply to the agriculture, industry, and health sectors.

The Youth Ministry has designed a program to urgently combat the diabolical problem of drug consumption among youth. As part of this program we can point out the implementation of an aid and recovery service for drug dependent youth in the form of a therapeutic community in the El Junquito area. A national volunteer program has also been implemented. This program will be extended to the entire country.

On sports issues, the National Sports Institute has made a broad effort. Among its achievements are the creation of a popular sports clubs program to facilitate people's access to sports facilities in an orderly, direct manner. It has promoted federations covering several sports and the creation of the Society of Sports Sciences to

standardize the physical characteristics of Venezuelan athletes and guide the assistance they receive. Finally, on the occasion of International Youth Year proclaimed by the United Nations, we have formed a national commission and an executive committee of youth and reputable Venezuelans who are to prepare and implement programs in Venezuela.

In the midst of a severe economic crisis, and the various centers of tension and trouble that threaten world and regional peace, I have made international efforts in keeping with the role that falls to us as a democratic country. When I visited the United Nations in September, I stated our position regarding the most urgent international problems, among them the East-West confrontation, the senseless nuclear race, the serious world economic situation, foreign indebtedness, and drug trafficking. Venezuela's voice was heard firmly and clearly reaffirming our support for the organization's principles and intentions, and making a critical and constructive analysis of its past history and future role.

Forty years of UN history warn us that without this negotiation forum, the risks of conflict and intransigence would be much greater. As a result of a Venezuelan proposal on the struggle against drug trafficking -- an issue to which we have given special attention, the UN General Assembly adopted by consensus two resolutions to combat this dangerously spreading threat. Meanwhile, the OAS approved another resolution based upon a convention project against the trafficking of narcotics and psychotropic substances, and similar activities presented by the Venezuelan delegation.

During this first year in government, I carried out important meetings with different heads of state and government to prove unequivocally that I will pursue the policies I have designed regarding the deepening of dialogue with friendly countries. In this manner, I had the opportunity to meet in Caracas on the occasion of my inaugural with the presidents of Dominican Republic, Colombia, Argentina, Dominica, Costa Rica, and Bolivia, and the heads of state of Spain, Nicaragua, and St Lucia. Later, we had official visits by Mexican President Miguel de la Madrid, and the then president-elect of Uruguay, a country with which we have resumed diplomatic relations.

With all of these dignitaries I stressed the need to strengthen the process of consultations among our nations with the constant objective of advancing on the path of Latin American coordination. Meanwhile, I also made an official visit to the United States where I held fruitful talks with President Ronald Reagan. I believe that as a result of this visit we have renewed the strength of our bilateral relations in terms of greater understanding and cooperation.

Before the OAS Permanent Council, I examined the basic challenges that the Latin American countries face in order to forge a destiny for ourselves in keeping with our resources and our potential as a region with its own personality. I gave special attention to the critical Central American situation which tests our ability to solve the differences and antagonisms that could separate us through understanding, without foreign interference, and with a Latin American spirit.

On another occasion I said that the Contadora Group's efforts, in which we have fully participated, have reached a peak, a definite point. I am persuaded that now more than ever we need clear, constructive attitudes from all of the countries directly involved to clear the path to peace and harmony in the area, and to dedicate our energies and concerns to the economic and social development of these neighboring countries. Under no circumstances will we refrain from supporting and favoring that alternative, since we are convinced and determined that only pluralist democracy can and should guarantee this perspective. Our calling and constitutional precepts commit

us to the promotion and strengthening of democracy in Latin America with the unequivocal defense of man's inalienable rights. We have many reasons to be pleased over the turn of events in our region, a region that has suffered innumerable periods of repression and dictatorship, and which now appears to be a renewed bastion of democracy. History is once more demonstrating that democracy is the only government system capable of fully responding to the people's permanent aspirations of liberty, dignity, social justice, and participation in their fatherland as well as their own destiny. [applause]

I want to reiterate that border issues involve all Venezuelans, not only a particular government or political party. Therefore, the hypotheses and solutions for these issues that can be stated at respective negotiations will be subject to prior consultations with national sectors. I must have your collaboration in this delicate process of searching for reasonable solutions to such essential issues. It would be absurd to expect that issues of such importance could be left out of the debates. It would also be absurd and a very serious matter to turn them into topics for improvisation or personal speculation, or use them for campaign purposes. In this area we will proceed with caution and never alone because what we must preserve is a common commitment. The deep voice of the past warns us of the need to especially identify with each other. The solution we offer the country must be a national solution. I will not support any other solution. [applause]

Meanwhile, we have intensified actions to revitalize integration mechanisms, and agreements in Latin America, especially the Cartagena and SELA [Latin American Economic System] agreements, as the undeniable policy of a nation that believes in the benefits of joint effort. Through the Cartagena Consensus, the 11 most indebted countries in Latin America have adopted a common cause to maintain a coordinated, united position that will open paths and allow us to reach reasonable understandings. [applause]

We feel that not even the powerful countries would be indifferent to the consequences that would be unleased if they maintained inflexible positions. It is necessary to intensify operative coordination among the internal economic sectors and our strategy for the external economic sector in order to reduce our vulnerability to factors that we do not control, and to take better advantage of the complements offered by Latin American economies. This solidarity will always be fundamental.

The obstinately protectionist policies of the industrialized countries hamper our exchange possibilities and obviously create additional problems for payment of our foreign debt. While they express concern over the international financial situation, certain powerful countries adopt protectionist positions, such as those adopted recently by the United States regarding Venezuelan steel exports to U.S. markets. These policies conspire against exchange. If they are maintained, we must inevitably take action regarding the steel products we import.

Evidently, we are facing a vicious circle of paradoxes in the area of the world economy. To change this we will put forth all our determination. It is absurd to infer that the banks and the governmental financial institutions of those countries grant loans for the development of large projects and that later these are hindered by dogmatism and intransigence.

Venezuela has lived through 6 years of stagnation, including a few years of recession. The economy cannot continue with unemployment rates like those that have prevailed. As responsible leaders, we acted cautiously and gave top priority to financial reorganization because without it, any attempt to expand would be illusory, and possibly self-defeating. However, once the process of reorganization is underway, it is necessary to advance toward the most important objectives of the economic policy we have drafted: to create more jobs and more wealth, and to better distribute the fruit of that wealth.

We cannot accept stability based on lack of jobs and of production, because we cannot promote expansion without a basis for stability. In this regard, we presented the Seventh National Plan to the Congress to be studied. This was the result of a thorough analysis of the Venezuelan situation and an evaluation of the planning systems being used in the country. We completed the Seventh National Development Plan with a dynamic outlook that includes guidelines for the current situation and the future.

Undoubtedly, our priorities are production and employment. We will have the necessary prudence so that in our enthusiasm to achieve them we will not endanger the reorganization that has already been accomplished or the one under way. However, production and employment will always be our main priority.

I commit myself before the country, before the representatives of the people, before all Venezuelans to do this without haste but without faltering, imprudence, or excuses. Thus I reply not to a wish but to a need, [applause] to the need not to condemn hundreds of thousands of Venezuelans to unemployment and abandonment, the need to take advantage of the investments made in past years, the need not to be defeated in the simple struggle against circumstances.

Fully aware of this need, during my electoral campaign I proposed a social pact, which I had devised. I did not and I do not look upon it merely as a mechanism to conciliate opposing interests. Neither do I see it as a means to implement a balancing policy aimed at keeping the social classes equally content or discontent during my presidential term. On the contrary, this social pact is a call to participate in a common effort to promote a change and real economic and social transformations, without terrible turmoil or violence. These transformations must occur in phases, like any similar process in a civilized society. Frequently, the results of some phases seem to favor certain sectors; however, in general, and when the process is finally completed, it will result in collective benefits and in a more just society. The transformation process is inevitably subject to difficulties and fluctuations. Holding on to certain privileges and the concomitant mental habits frequently become obstacles that prevent some groups from accepting the sacrifice demanded from all of us without resistance. It would be senseless to abandon an important, patriotic project such as the social pact due to these kinds of obstacles. [applause] The essence of leadership, independent of the position held, is not to give up at difficult times. We recall the famous words of the liberator following the Caracas earthquake. The social pact must be carried out despite difficulties. Assuming the role of an analyst or of a simple observer I would say that it would be strange, to say the least, to begin class struggle instead of pursuing the conciliation of classes, or to foment class confrontation from a comfortable chair in a wealthy home. [applause]

The crisis cannot be solved with improvised or spectacular solutions, or with old formulas camouflaged as new ones. In order to overcome the crisis, it is indispensable to conciliate tactics and strategies, using at all times a high dose of imagination and realism, a difficult, but not impossible combination. Furthermore, history has shown us on numerous occasion that the consequences of violence can be whimsical, since it often gets out of control and in most cases ends up consuming its own promoters. This is an old fact that we have learned through history.

Just as there are phases in the economic recovery that have made it necessary to give priority to tasks of reorganization over creating jobs and increasing production, there are also other phases that are necessary in order to satisfy the legitimate requirements of the various groups in the country, which is the only way for the whole process to have indispensable strength and coherence.

Under these guidelines, in order to prevent unmanageable inflationary pressures as a result of the devaluation of our currency and not to greatly affect workers' real

salaries, we initially enforced price controls. However, in many cases this resulted in no profits for producers, which endangered our national productive apparatus. Therefore, it was decided to adopt actions to stimulate productive enterprises. These were accompanied by compensatory measures to promote jobs and offset a deterioration in the real salaries. These were useful, opportune measures; however, they were not enough. In order for the productive enterprises to maintain their financial balance, the country encouraged production by the business sector. We now hope that the country will reply affirmatively.

During the past few months, workers have made the largest sacrifice for the benefit of all, particularly those who cannot find a job. Therefore, it is only immediate steps which should be aimed at helping these sectors, but it is also advisable to remember that reducing workers incomes beyond the necessary limits could endanger recovery efforts. The recent decision to increase the minimum wage in the cities was part of this effort. On more than one occasion these measures have met with criticism and protests. Some of these measures are fair, while others reflect vested interests. But overall they constitute the greatest assets Venezuela possesses and they are essential for the rapid recovery of productive activities and the effective improvement of living standards, social peace, constructive dialogue, and joint solutions to problems. We sincerely believe that the social pact, which has proven its value despite the difficult tests, will continue to be an important point of reference in the task to create jobs and expand production. There are no miracle formulas, but there are no fatalities either. Our crisis is surmountable and we are in effect defeating it. Now we must consolidate achievements and undertake new initiatives.

In 1985 we propose to attain domestic economic growth, substantially reduce the rate of unemployment, and maintain a surplus balance of payments.

To reactivate economic growth while preserving basic macroeconomic balances is fundamental to the progress of the structural and institutional changes that are necessary to consolidate the Venezuelan economy. There are two basic conditions needed to achieve this goal: the financial balance of the public sector must be maintained by intensifying the policy of austerity, thus freeing resources to invest in productive activities, and the economy must be adapted to the new conditions of the international economy. There will be special emphasis on reducing inflation through an adequate coordination of fiscal and monetary policies.

The public sector's fiscal policy will attempt to promote economic activity through investment plans. To this effect, the 1985 budget will be increased through a program financed by domestic savings. The fiscal system and tax exemption policies will be reviewed and mechanisms will be implemented to improve the collection and control of revenue. In this context, severe sanctions will be applied to those who evade their tax obligations in accordance with the magnitude of their obligations.

With regard to the decentralized public sector, work on the implementation of Decree 55 and the plans to salvage public enterprises will continue. Intergovernmental debts will be compensated and paid and debts to contractors will continue to be paid off. The capacity of public institutions to finance themselves will be accelerated and their administrative techniques will be made more efficient. We will work to design and implement systems to collect payments efficiently in those public institutions that generate income. In this way relations between public enterprises, independent government agencies, and the central government will be more rational. It will pave the way for a deeper restructuring that will be regulated by the law for the decentralized government sector, which is currently being drafted and will be soon presented to the National Congress.

The monetary policy will be flexible and will complement the fiscal policy. It will seek to guarantee financing for the reactivation of profit-generating activities. The Central Bank will expand facilities and special attention will be given to strengthening and controlling the financial system. The process of absorption of public debts will be rationalized and interest rates will be subject to flexible controls, with an emphasis on savings and investments.

With regard to the international sector, in 1985 we will complete the plan to refinance the foreign debt and work to complete the consolidation of the private foreign debt will be expedited. New foreign financing will focus on productive projects through multilateral financial institutions like the IDB. The foreign trade policy will continue to promote import substitution. Our policy to promote exports will be more aggressive and audacious, we will further simplify procedures and reinforce the financing of exports. In this context, toward the end of the year we will eliminate the preferential exchange rate of 4.30 bolivares to the dollar and we will direct the Central Bank's role as intermediary toward the prevention of exaggerated and critical fluctuations in the free rate of exchange and toward supporting the process to unify exchange rates.

In the immediate future, we intend to strengthen investments, guarantee financing for productive activities, simplify and make conditions for production more stable, and promote higher levels of productivity. It is indispensable to promote employment and demand so that recovery is possible and workers may be able to partially recover their reduced purchasing power that they have experienced over the past several years.

This year we intend to begin an important government investment plan that will be implemented in steps. This plan will complement private investment, which has received major investment incentives for agriculture, construction, and the manufacturing industry. For a variety of reasons, including a fall in private investments to less than one-fourth of the levels recorded in 1978, we believe that private investments will enjoy a broader ratio of possibilities. Venezuelan businessmen face the challenge and responsibility of restoring past levels of investment and production. The investment plan will respond to that process and new sources of financing will be made available to ensure the minimum levels of investment needed to attain economic recovery, even in the case that some sectors fail to respond to our estimates. The investment plan will allow the completion of projects that had begun and complement financial resources to expedite the execution of new projects, some of which area already included in the national budget.

The ripple effect of investments on the rest of the economy and their capacity to generate employment will be a major criterion for the allotment of resources. We will give priority to those projects that promote the integration of our productive machinery in such a way that our dependence on imported goods or raw materials may diminish, and greater complementarity between the various fields of industry, and the better utilization of our agricultural capacity will occur. We will assign resources to infrastructure projects that contribute to the economic and social development of the country's different regions, particularly the less developed.

In agriculture, we will undertake construction projects, roadwork, maintenance, and development projects in the Guanare-Masparro area, the southwestern Andes, the area south of Maracaibo Lake, the Lunare River Basin, and in the Bonipa Plateau region. All plans will be part of an overall development plan. We intend to immediately make local authorities independent with proper legal status to assume responsibility for the completion of overall development programs in each area. We will consolidate irrigation systems in various areas, particularly Aragua, Anzoategui, Barinas, Guarico, Portuguesa, and Merida. We will salvage Apure's modules plan. We will also undertake a silo construction program to store 800,000 additions tons of grain.

We will undertake sanitation projects at Maracaibo Lake, Valencia Lake, Margarita Island, the beaches of Barcelona, Puerto La Cruz, Cumana-Carupano, Falcon, the central coastline, and Barlovento. There will be an important investment in the Turimiquire system in the form of an aqueduct that will serve Sucre, Anzoategui, and Nueva Esparta States. This program will receive an allotment of approximately 400 million bolivares. We will also initiate maintenance and expansion projects on the Caracas aqueduct and lay down its corresponding waterlines. Ciudad Guayana's aqueduct system and its water treatment plant will also be expanded. A water treatment plant will be built in Punto Fijo.

With regard to road construction, the highway to Oriente will be begun and Caracas Boyaca Avanue will be completed. Work will continue on the Las Frias-San Cristobal [words indistinct] highways and many roads will be built throughout the country. A total of 225 million additional bolivares will be alloted to complete projects under construction and 100 million bolivares will be invested in a special project to build, repair, and maintain bridges. The expansion of the Cumana and Chacachacare fishing ports is also noteworthy, as is the renovation of the Los Caracas beach resort. The Caracas-Los Teques highway plan will be worked on so that construction may begin soon. We must add that the special plan for the use and maintenance of existing infrastructures that began in 1984 will continue. The projects that were partially financed by development institutions -- particularly the IDB -- will also continue, including the completion of the Raul Leoni-Guri Dam, the laying down of power lines from east to west, the program for agricultural financing, forestry development projects, the industrial credit fund, and the Pijiguaos bauxite project and the studies on the Ciudad Vargas pulp plant.

We must underscore that one of the plans included in this investment program is to allot 1,500 billion bolivares for financial investments through funds alloted to the Caracas metro system, the Industrial Loan Fund, to the Small and Medium Industry Corporation, the Urban Development Fund, Agricultural Loan Fund, and to the Agricultural Development Bank. Special mention must be made of the careful selection and preparation done on the programs to be financed and of the importance we have placed on the careful drafting of these programs. In this sense, we will establish a national fund for pre-investments.

In addition to these public investments, we will promote programs with the participation of national and foreign private capital. Several plans are being considered, as is the development of the Guasare coal in Zulia State. We will also specify means of recovery that will allow the short term implementation of all those industrial programs that have been paralyzed or semi-paralyzed.

Regarding foreign investment, we believe that it can contribute significantly as a complement to the internal development efforts, especially in the areas of export of nontraditional products, the exchange of technology, and financing. In each case we will study the plan to ensure it corresponds to objectives of the nation's economic policy. We will place special emphasis on simplifying the transactions and procedures and in creating an environment of cooperation with those who are willing to support the nation's economic development.

Within the framework of our international commitments, especially Decision 24 of the Cartagena Consensus, we will adapt the policies to fit the situation experienced by Venezuela. In this sense, we will appoint an advisory committee on foreign investments. This committee will study and make statements regarding the policies and programs for which we can invite foreign investors to contribute in the form of capital, technology, and markets. In this sense, we will promote foreign investment establishing mechanisms that will permit the identification of specific programs.

I must underscore that, regarding public investment, we plan to have instruments that will permit periodic evaluations of the individual efforts of the various public entities and ensure the strict compliance of the execution of the various investment plans and projects.

In an attempt to encourage the effective demand, defend the real wages of the workers, and increase the purchasing power of the working family, as well as stimulating the construction sector that has still not reacted favorably, we will expand the social security service to cover the whole country. We will expand the plans to consolidate and equip the stable areas and build adequate centers to give competent and nonbureaucratic attention to the most vulnerable groups of our society: the poor children, orphans, abandoned children, the elderly, and the disabled. [applause] We are studying a special plan aimed at resolving the main problems of those sectors affected by extreme poverty. This plan was drafted to encourage social solidarity.

Regarding the financial system and, in accordance with the law that authorizes the president of the Republic to adopt measures for the good of the people, in the next few days a system of insurance for bank deposits and the proper functioning of the financial system will be considered. More importance will be placed on the financial system and banking supervision will be reinforced in all its aspects. We will also continue to work on the amendments to the Central Bank law and at the appropriate time, we will present this bill for congressional consideration. By various means, we will attempt to strengthen the long term financial intermediaries and to make the money market more dynamic. All this is directed toward increasing the capacity of internal financing for development. Also, in the near future we will issue a decree regarding retirement. Its goal will be to harmonize and adjust the various systems currently in effect. We seek to be just, to reorganize, and, in essence, to defend the future of the nation.

We are aware that difficulties in financing private activity could restrain the process of economic recovery. For this reason, to maintain prudence regarding the monetary policy and a loan policy that will guarantee the responsible use of funds, we are determined to create the conditions so that the production industry, especially the small and medium-sized industry, will have the necessary financial resources for their recovery. This involves reorganizing and reinforcing the financial system.

We have adopted difficult measures to eradicate situations and practices harmful for the solidity of the system. The results are beginning to be felt. As was offered, the people's deposits in seized entities are being returned. Regarding this matter, we will adopt other measures should it become necessary. We will enforce heavy sanctions on all those who are responsible for administrating the money of the people and who may become involved in issues that will endanger the trust of the people who are saving and depositing money. [applause]

We have overcome the most difficult phase and we have assured the country that we guarantee the stability of the institutions and the savings of the people. Now we have to encourage savings and channel the funds toward productive activities. The management of liquidity will be directed in the same sense. If necessary, complementary measures that will guarantee the proposed objectives will be adopted.

In early January I formally installed the presidential committee for state reforms. This initiative is the beginning of the fulfillment of one of the commitments I made during the electoral campaign and something that the people demand. The state reforms offer a great convergence of all those who wish to make democracy a requirement for advance in the urgent historic tasks that Venezuela, as a nation, has. This is why I have appointed a committee and its composition demonstrates the spirit of broad agreement that prevails in our system. Some of the topics the committee is beginning to discuss deal with the development of the Constitution. For this, the cooperation of the legislative branch has been sought. Our Constitution, as has already been noted, includes a program and we have not kept all our promises to the people.

These are areas that have not been sufficiently developed and that are indispensible for perfecting a modern democracy. It would be a great undertaking if, on the occasion of the 25th anniversary of our Constitution, the whole country would reflect upon and develop our constitutional text.

In the same manner, there are other areas that demand the structural and immediate attention of the state reform committee. Among the most important of these areas are education, health, and public services. Also included here is the process of ministerial reorganization, which attempts an urgent modification to achieve the effective participation of the state in the economic reactivation of the country, with the optimum use of their capacities, reassigning functions, and guaranteeing less spending.

As for our structural problems, I plan to consult the commission regarding a new national education plan which has become an unpostponable need. Without this there can be no future.

Recently, in Venezuela there has been a criminal explosion as part of the increasing world crime wave and insecurity. This universal phenomenon became serious in our midst because of the progressive deterioration of the economic situation and its aftermath of social imbalances.

The legal borders are vulnerable when people are accosted by hunger and misery. The state security organizations were not improved or strengthened to keep pace with the visable increase in the crime rate. We have found them diminished in their ability to provide protection in the urban centers, all of which are experiencing a violent population growth in view of the mass influx of rural immigrants and impoverished groups from other countries. Drugs, misconduct, increasing violence, disruption of our system of values, and even the penetration of subversives from the outlying areas contribute to complicating and further dramatizing the situation.

Without losing sight of the socioeconomic conditions, ever since we assumed power, we have been implementing measures aimed at safeguarding the security of persons and properties. We have increased the number of police stations, protected and equipped them better, and have set up operations that will be maintained and expanded throughout the nation. [applause]

We are now in a better position to operate against multifaceted criminals, who are bold and well-armed. The results of this vast and sustained effort by the government to provide protection to the inhabitants are neutralized to a great extent by the periodic occurrence of sensational crimes, some of which are monstrous and heinous and give rise to a climate of fear and uncertainty. My government will not remain indifferent to this. That sensation of fear is accentuated because unfortunately, it has been promoting the belief that any crime can and should be resolved quickly. As happens with many things and in many cases, the investigations are complex, troublesome, and prolonged. Thus, it is relatively easy to instill in the people the impression that the government has lost control of the situation. With such perspectives, I feel dutybound to call for reflection and serenity. We are aware that security has become a challenge and, as such, we must face it.

We have declared an all-out war on crime, which will be maintained unflinchingly. No one can be indifferent to the challenge. From the executive branch we will persist in our efforts to fulfill our responsibilities. The other stated powers, particularly the judicial branch, have great responsibilities. We must not forget the legislative branch, which in all fairness must be recognized for the concern and diligence with which it has acted in approving and studying legal instruments of doubtless urgency and importance in the war against crime. We hope that cooperation will increase and be strengthened.

Special mention should be made of the problem of drug trafficking and consumption of drugs in our midst. These problems have increased dramatically in the past few years.

This is a phenomenon which extends beyond our borders, which shakes the social and moral structures of countries, and which must be fought as the communities fought plagues in the past. This is the plague of our contemporary society, the gravest and most certain threat that looms over civilization.

We are facing and will continue to face this threat with determination, tapping resources, perfecting techniques, and maintaining zealous vigilance. The country was not prepared to deal with the problem of drug trafficking, which is so sophisticated in its procedures and has such devastating power of corruption.

In the chapter on crime, I want to refer to the topic of corruption, both public and private, which nowadays constitutes one of the most serious potential threats to our democratic process and our national identity. The matter is a serious and monstrous problem which we must confront with a national criteria, without pharisaism, in the exercise of our legitimate republican defense. Up to now corruption had received merely rhetorical consideration. It was discussed with big words, but little or nothing was done to punish or to discourage it. Without immodesty and without claiming to be a witch hunter, I can say that my government has acted dexterously and expeditiously to punish corrupt public officials, regardless of their rank. [applause]

We will persevere in this policy, without making any concessions, preferring to be guilty of momentary excess, rather than complacency or lassitude. The interests of the country and the democratic system must remain above all types of considerations. Here I pledge to the Congress my utmost cooperation in the exercise of its comptroller functions. Regardless of the circumstances, I am willing to demonstrate the truth of this offer as a government leader and as a person.

The relations of the executive branch with the other state branches are harmonious, respectful, and it is good to point out that we are all inspired by the same purpose. We are all committed to the search for new ways to recover the fundamental values and to achieve the primary objectives set forth in the Constitution.

I have endeavored and I believe I have managed to create a proper political climate for dialogue, conciliation, and convergence. No one can say that he has been mistreated or undermined, and I have taken into consideration all parties and fundamental sectors of the country in the matters of common concern. I do not consider this a concession, but an obligation as a leader of a democratic state. That is how I see it and how I have approached it. Within this climate of respect between the government and parties, and beyond the everday debates, it is necessary to observe that there are similar signs of mutual respect between the parties with regard to the great task assigned to political organizations in a democracy. Undoubtedly, parties have defects, they are sources of differences and competition, but they can never be replaced. Therefore, instead of engaging in campaigns that tend to corrode or weaken them, the progressive and intelligent thing is to promote their modernization or perfection to the extent possible by the action of man.

The antiparty campaigns are always linked with unmentionable aims and we must reject them on the basis of our conviction that without political organizations there is no democracy. [applause] We cannot expect the parties to be the sole force of social progress. Communities awaken, they organize, struggle, and to the extent that they are more zealous, we will attain more efficiency, more honesty, and the better investment of our resources. The Democratic Action Party, which since the death of Gomez has struggled tirelessly and courageously, made me president of the Republic with the support of the people. I govern in its name for all Venezuelans. I have the support of the Democratic Republican Union and appreciate it profoundly. I also recognize the role of the opposition Social Christian Party, COPEI, the Movement for Socialism, the People's Electoral Movement, and the other organizations of our ideological framework.

The Armed Forces are the guarantors of liberty and progress. At the end of five presidential terms it is wise to reflect on the role of the Armed Forces in democratic society.

The country owes them recognition because they have been an essential factor of this process. They do not aspire to anachronistic positions, but to the considerate treatment that must be guaranteed to an institution which has been fundamentally nonconspiritorial. I know the problems of the Armed Forces. I am familiar with their members, both individually and as a group. We have defined and implmented housing and social security programs and will review their living conditions so that soldiers and officers can feel that the country values highly and appreciates their mission, which cannot be replaced. The safeguarding of patrimonial values by the Armed Forces has been a priority of my government. [applause] The regulation, acquisition, training, and the diligent maintenance of equipment are factors of a responsible military policy which is based on the guarantee of national defense and security.

As in very few other sectors of Venezuelan life, the members of the Armed Forces have recognized and endured the new economic position of Venezuela and have cooperated with patriotism and discipline in the readjustments and restructuring of the available resources.

From this tribunal of popular representation, from this place of pluralist debates, I tell the officers and troops that Venezuela in its authentic and substantial unity recognizes their sacrifice, their dedication, their discipline, their contribution to strengthening the democratic system and national development. It will not spare any resource so that they can achieve perfection and excellence with each passing day and so that their living conditions will be consistent with the lofty responsibility assigned to them by the country. [applause]

Citizen senators, citizen deputies, the recent visit of His Holiness Pope John Paul II has been a outstanding event in the historical developments of the country. We all greeted the holy pope with joy. As he said, he came to promote the objectives and renewal of more social justice in the quest for new initiatives in education, work, and social coexistence. The presence and the message of his holiness are deeply significant, increasing our awareness and hope that Venezuelans can march resolutely on the path defined by his wise words.

This past year has been a year of reflection. The Venezuelan people have reached the conviction that their destiny is not and cannot be conditioned by intermittent and unforeseeable events. This perhaps has been the most important lesson throughout these years. Both the present and future of our country will depend more on our own will and our own efforts. We have learned that neither the production of material goods, cultural creativity, scientific research, nor technological advances can be achieved with money alone. Today more than ever the wise warnings of Simon Rodriguez are effective: The time has come to teach people how to live. And I add: To live is to produce, to create, to investigate within the framework of our current reality which invites us to give new life to the fundamental values of humankind. It is essential to clear our minds once and for all of the dreams of returning to the fleeting and artificial country of yesteryear. Let us grasp hold of our deep-rooted experience as a people to renew our democratic institutionality and to emerge victorious, without any divisions or defined policies, but with the healthy pride of winning the fight through our perseverance, our initiative, and our imagination.

Senators, deputies, this act of republican and democratic reaffirmation culminates today with the delivery to the sovereign congress of the Republic, the respective memoirs and accounts of the ministers of the cabinet. To all those who have cooperated with me thus far, I am obliged to express my special recognition before the national representatives. You worked with dedication, honesty, and patriotism, and always strived to work as a team for development and for the application of programs and policies. Successes, errors, or omissions are there for the necessary evaluation, as are mine, which I cannot and never could evade, because I have acted always in the circumstances and dynamics of the government, as corresponds to my constitutional obligations, my popular and party commitment and my manner.

My heartfelt appreciation goes out to all those in the cabinet who are present and those unable to be here. Thanks to my party and to my people [applause], who have strengthened me with their confidence [applause], who have strengthened me with their confidence and their help. Thanks also to the generous hands and hearts that have safeguarded and ennobled my work. And thanks, in the end and above all, to the noble Venezuelan people, who have followed me silently and faithfully during these 12 months of deep rectifications, of reorientation, of searches for the right path. What was accomplished during these 12 months has been possible thanks to the Venezuelan people, who have cooperated, have suffered, have endured, have been patient.

But it is necessary to have more patience and I must say so. There is much to be done. I must say that the effort is worth the goal, the only irreplaceable one, of the future, of hope. I canot put it any other way. I do not intend to deceive anyone. Therefore, I say [applause, shouts] at the end of my message that certainly there is no radical, visible change or miraculous change in the everyday lives of Venezuelans. But there has been a deep change in the roots, the heart of the Venezuelan people. We are finding our identity. We no longer deceive ourselves. Venezuelans no longer expect everything through government miracles, but through their own efforts. The important thing during these 12 months is the change in the style of living. There is a government ethic and rational behavior on the part of the people. In fact, the political opposition has understood that it must be moderate. We are all a little more discreet. We do not raise our voices. We work more. During this period corruption has been a mortal sin. Not a single case of deviation from the norm has been tolerated in government sectors. That is the essential thrust of this first year. We are better and we are facing the future with determination and courage. Venezuela is being reconstructed, reoriented, and it is preparing for the future. Let us carry on, senators, deputies. [applause]

FOREIGN MINISTER STRESSES POLICY CONTINUITY

PA150240 Paris AFP in Spanish 2011 GMT 13 Mar 85

[Excerpts] Caracas, 13 Mar (AFP) -- Shortly after taking office today, Simon Alberto Consalvi, the new Venezuelan foreign minister, announced the "complete continuity" of Venezuela's foreign policy.

"There is no way that one can speak of new plans at a time when one is succeeding a foreign minister of the same government. There will be complete continuity in the country's foreign policy," Consalvi said in his first statement as soon as he reached the Foreign Ministry to take office.

"I am inspired by the work carried out by Foreign Minister Morales Paul. I trust I can count on his cooperation and enlightenment," Consalvi said, praising his predecessor.

Consalvi concluded his brief statement to newsmen by saying: "I will not make the mistake of Venezuelan politicans by commenting in an impromptu manner on statements made abroad about Venezuela, nor will I engage in the debate of Venezuelan politicians."

Smiling, he concluded: "In this sense, therefore, my colleagues and friends, perhaps you will be a little disappointed by my return to the Foreign Ministry. For this, I am very sorry."

NEGOTIATIONS CONCLUDE IN GREEK EMBASSY TAKEOVER

PA130436 Madrid EFE in Spanish 0334 GMT 13 Mar 85

[Text] Mexico City, 12 Mar (EFE) -- Negotiations between the Mexican authorities and the Greek Embassy occupants in this city, who took over its installations this morning, have concluded and it is expected that the diplomatic missions will be cleared very soon. An official source of the Mexican Government (Interior) Secretariat, where the negotiations between the authorities and the occupants' representatives were held, told EFE that the latter have already left for the Greek Embassy. The representatives will meet with the other occupants and, presumably, will decide how they will withdraw from the diplomatic missions, the source said. The source stated that the negotiations had concluded when the authorities had agreed to the occupants' demands, but did not specify if the agreement had been attained.

Nicolas Zafiropoulos, charge d'affaires at the Greek Embassy, stayed behind with the diplomatic mission's occupants, four men and a woman. Zafiropoulos is the only diplomat who has stayed with the five occupants. Hermes Evangelis, press attache at the embassy, said that five employees had stayed with him. Zafiropoulos and other embassy members stayed on the premises of their own free will, since the takeover did not include holding hostages.

The Greek and Netherlands Embassies in Mexico City were taken over this morning by the Popular Worker Peasant Union, UOCP, an extreme left organization. The Netherlands Embassy was abandoned by the occupants 1 and 1/2 hours after the takeover. The takeover, which so far has been carried out in a peaceful way, is aimed at demanding the release of several UOCP members who were arrested by the police, and the handing over of information regarding the disappearance of four leftist members.

Occupants Leave Embassy Peacefully

PA150433 Madrid EFE in Spanish 0357 GMT 15 Mar 85

[Text] Mexico City, 14 Mar (EFE) -- The five members of the extreme left Popular Worker Peasant Union, UOCP, who occupied the Greek Embassy in Mexico on Tuesday, left the premises peacefully today. An embassy employee reported to the EFE that the leftists decided to leave the premises during the night, after holding talks with several members of the group which engineered the occupation to demand the release of several UOCP members. [sentence as received] Three urban transportation buses arrived at the embassy with UOCP supporters and took the five occupants away from the Greek Embassy. The occupants stated that they took over the embassy to exert pressure on the government to attain the release of 14 members, 4 of whom are reported missing, according to information.

COMMITMENT TO SAN JOSE OIL ACCORD AFFIRMED

FL142114 Mexico City NOTIMEX in Spanish 1650 GMT 14 Mar 85

[Excerpts] Mexico City, 14 Mar (NOTIMEX) -- Jorge Eduardo Navarrete, under secretary for economic affairs in the Foreign Secretariat, has stated that Mexico is firm in its commitment to the San Jose pact and is interested in renewing the agreement in accordance with established terms. Chairing the opening session of the eighth meeting of the Mexico-Guatemala high-level working group on matters of economic and technical cooperation, he said Guatemala is now receiving 7,110 barrels of crude per day. Navarrete also said the diversity of issues involved in the economic relations between Mexico and Guatemala calls for the establishing of an institutional framework with greater scope than the present one.

EL SALVADOR

DEFENSE MINISTRY ANNOUNCES NEW COPREFA CHIEF

PA170129 Hamburg DPA in Spanish 0017 GMT 17 Mar 85

[Text] San Salvador, 16 Mar (DPA) -- The Defense Ministry announced today that Salvadoran Army Major Armando Aviles has been appointed new chief of the Armed Forces Press Committee (Coprefa) to replace Colonel Ricardo Cienfuegos, who was shot to death on Thursday, 7 March, by individuals who left a banner or flag with the symbol of the People's Liberation Forces (FPL).

The clandestine radio stations Radio Venceremos and Radio Farabundo Marti have not claimed credit for the attack, but an anonymous caller told a radio station in the capital on the day of the killing that the "Clara Elizabeth Ramirez" Command of the FPL, a splinter group of the FMLN's FPL, was responsible for the execution. Cienfuegos was machine-gunned as he was resting on a bench on the edge of a tennis court where he had been practicing at a social club in western San Salvador.

The new top military press executive, Maj Armando Aviles, has served as assistant to the Defense Minister and secretary of the chief of staff.

AMBASSADOR ON HONDURAS BORDER NEGOTIATIONS

PA151628 Tegucigalpa EL HERALDO in Spanish 13 Mar 85 p 2

[Text] Tegucigalpa -- El Salvador has prepared a new proposal to begin negotiations on the border conflict with Honduras. "The Honduran public should understand that the border delimitation is subject to a process of negotiations and not to the delivery of territory to Honduras by El Salvador."

This statement was made by Salvadoran Ambassador to Honduras Ernesto Arrieta Peralta on the negotiations between the two countries to delimit the undefined border.

The territory disputed by Honduras and El Salvador comprises 419.6 square km, in addition to the islands and maritime areas in the Golfo de Fonseca. The disputed islands are Meanguera, 1.58 hectares; Punta Zacate; Inglesa; Martin Perez; and others. The negotiations also include a sea outlet to the Golfo de Fonseca which is 35 km and 578 meters.

According to international treaties, this sea outlet should be divided among El Salvador, Nicaragua, and Honduras, the three countries that share those waters. The central part of this sea outlet belongs to Honduras, up to the limits of the territorial waters -- an area of exclusive exploitation rights, in addition to the 200 miles recognized by international law.

Regarding the talks between Honduras and El Salvador that were suspended last February, Arrieta Peralta said that they were interrupted by a unilateral decision by the Honduran Government. It has been said that a recent statement by Salvadoran Foreign Minister Jorge Eduardo Tenorio caused great indignation in Honduras. Tenorio said that in its negotiations with Honduras the Salvadoran Government was not willing to make any concessions that would harm national interests.

"If anyone in Honduras becomes indignant because our foreign minister says that he will always demand respect for El Salvador's sovereignty, he will have to remain indignant for as long as the negotiations continue," Arrieta Peralta said. Arrieta Peralta added that the negotiations call for mutual concessions, and that the Salvadoran Government can make demands to the Honduran Government within this framework.

"Not only must El Salvador make concessions, Honduras must also do the same in order for the negotiations to be successful."

Based on the fact that the general peace treaty signed in Lima, Peru, on 30 October 1980 recommends that the talks be kept secret, Ambassador Arrieta said that he could not disclose the Salvadoran Government's proposals.

El Salvador, a country of 22,000 square km and 4 million inhabitants will receive $483 million from the U.S. Government during the 1986 fiscal year. Of this amount, $132 million will be in military assistance and $351 million in economic assistance. The U.S. Government has destined $142 million in economic aid and $88 million in military aid for Honduras with a difference of $253 million in favor of El Salvador.

Regarding the "pockets," the six areas along the border claimed by the two countries, Arrieta Peralta was clear in stating that they are under the Salvadoran Government's jurisdiction and control. These "pockets" are Tetanguicir in Ocotepeque, measuring 70.3 square km; the head of the Sumpul River in Ocotepeque, measuring 38.1 square km; and La Virtud in Lempira Department at 51 square km.

The other "pockets" are Naguaterique and Colomoncagua in Intibuca and La Paz respectively, 148.4 square km; Dolores in La Paz, 54.8 square km; and the mouth of the Goascoran River in Valle Department, 57 square km. In this respect, Arrieta Peralta rejected the statement by Salvadoran Colonel Sigfrido Ochoa, commander of the Chalatenango Department, that talks have begun with the Honduran Army to dislodge FMLN guerrillas from the "pockets" where they are alledgedly hiding. He said: "I have no knowledge that these actions are being planned, much less that they are being carried out."

The Salvadoran ambassador also confirmed that the Salvadoran refugees who are currently in Honduras do not want to return to their country. He said that members of the Salvadoran Embassy in Tegucigalpa visited the Colomoncagua and San Antonio refugee camps in Intibuca Department and confirmed that the refugees do not want to return to El Salvador. Only a small minority of the 7,000 refugees currently in these camps would like to return to El Salvador, Ambassador Arrieta Peralta noted. He added that El Salvador would not be able to repatriate the 18,000 refugees currently in Honduras. A camp is currently being built in La Union Department that will only have a capacity for 4,000 to 6,000 persons, Ambassador Arrieta Peralta concluded.

FRG'S MERTES DISCUSSES CONTADORA'S PEACE EFFORTS

PA160430 San Salvador Radio Cadena Sonora in Spanish 2130 GMT 14 Mar 85

[Excerpts] FRG Deputy Foreign Relations Minister Alois Mertes arrived in El Salvador today and asserted that the Contadora Groups' efforts and the dialogue between parties in conflict are necessary to achieve peace in the Central American area.

Mertes arrived in El Salvador to meet with several government officials, including President Jose Napoleon Duarte and Foreign Minister Jorge Eduardo Tenorio, and to establish the mechanisms of the FRG Government's aid to the Salvadoran Government.

The FRG minister is touring Central America to learn about European cooperation, following the meeting in San Jose, Costa Rica, in September 1983 [as heard]. Referring to the Central American situation and the need for dialogue, the FRG deputy foreign relations minister said:

[Begin recording] [Mertes] I want to state, on behalf of my government, that the Contadora Group's efforts and a dialogue are necessary.

[Question] If the leftist forces approached the FRG Government, namely you, to hold talks, would you talk with the FMLN-FDR?

[Mertes] [Words indistinct] however, we advocate a dialogue and think that President Duarte's policy advocating a dialogue is the only rational solution.

[Question] Deputy Gabriele Gottwald visited El Salvador a few days ago and issued some important statements while here. She told us that she was a Green Party deputy at the FRG Bundestag. She said that she visited the northern part of El Salvador, particularly in the zone of Morazan Department, for 3 weeks, where the guerrilla groups carry out their activities. What is your opinion about these important statements and her viewpoints?

[Mertes] She represents a certain group of leftists and nationalists who support her. The majority of the FRG Bundestag deputies are democratic, liberal, and social democrats. She represents the opposition, the classical policy of [words indistinct], does not advocate a dialogue or support to President Jose Napoleon Duarte's policy. It is too bad that there exist sectors in the country that do not [words indistinct] President Duarte. I want the Salvadoran people to understand that this is the best mechanism for democracy, peace, and the people. We will see...[rephrases] I believe that the people's caution and political influence will prevail. The Salvadoran people are mature, (?patriotic), and understand that President Napoleon Duarte's policy will achieve the goals of [words indistinct]. This is the most appropriate and responsible policy.

[Question] Another question: You visited Costa Rica and had the chance to meet with Archbishop Rivera y Damas.

[Mertes] No, no, no, with Obando y Bravo.

[Question] Yes, did you meet with Msgr Obando y Bravo?

[Mertes] Yes, the Nicaraguan archbishop is currently in Costa Rica.

[Question] Archbishop Obando y Bravo?

[Mertes] Yes, Obando y Bravo, and I support the church's position. I also know the Salvadoran archbishop in person. We met in the FRG. We agreed that peace is not possible without full enforcement of human rights. [end recording]

The deputy FRG foreign relations minister said he had visited Nicaragua before visiting El Salvador. He met with Vice President Sergio Ramirez Mercado, and opposition and church representatives. The FRG official will later leave for other countries in the area, before traveling to New York, where he will present the book "European Policy Toward Central America" -- which he wrote with Spanish Foreign Minister Fernando Moran, U.S. Democratic Senator Michael Barnes, and U.S. conservative publisher (Irving Crystal). He was welcomed at San Salvador's airport by FRG Ambassador Henning Dodenberg.

FRG DIPLOMATS MACHINE-GUNNED; VIOLENCE INCREASES

PA162359 San Salvador Radio Cadena YSU in Spanish 1200 GMT 16 Mar 85

[Report by Raul Beltran]

[Excerpts] Listeners of Radio Cadena YSU, as we promised at the beginning of this broadcast, we will expand our reports on the intensification of violence late last night and early this morning both in San Salvador Department and in various parts of the interior of the country.

Initially we will report that last night at approximately 2300, members of the municipal police and members of the Civil Defense in Mejicanos erroneously clashed near (Pollo Campero), which resulted in a battle that lasted approximately 30 minutes. According to preliminary military reports, no casualties were reported on either side during this regrettable confusion, which occurred last night north of San Salvador.

On another subject, two vehicles of the FRG diplomatic mission were machine-gunned early this morning in San Salvador's western section. It was initially learned that one vehicle's license plate number is 129101, while the second vehicle's license plate number is unknown. Two members of the FRG Embassy were wounded and are currently hospitalized in this capital.

Other reports note that the Army increased its patrols on the Northern Trunk Highway after rebels blew up power lines along km 11 last night, leaving the industrial sector on the Northern Trunk Highway without electricity, and also affecting the civilian population in that area.

Last minute reports from Usulutan have confirmed that rebels attacked the locality of Santa Elena early this morning, destroying the National Administration for Telecommunications offices and building, as well as the facilities, furniture, and documents at the mayor's office.

JOINT CHIEFS HEAD ON FMLN ATTACK NEAR CAPITAL

PA162033 San Salvador Domestic Service in Spanish 1400 GMT 16 Mar 85

[Statement by General Adolfo Onecifero Blandon, chairman of the Joint Chiefs of Staff; place not given -- live or recorded]

[Text] The Armed Forces Joint Staff announces to the Salvadoran people that 0040 today, several FMLN terrorist bands launched a surprise attack against the National Guard unit in charge of security at the national and international communications facilities located at the top of Cerro el Picacho, in Volcan de San Salvador.

TEXT The attack was launched using 81-mm mortars, 90-mm cannons, machine guns, and rifles. Despite an intensive and lengthy attack, the terrorists were repelled by the small National Guard unit after about 4 hours of fighting. They thus failed in their attempt to penetrate and destroy the above-mentioned facilities, which would have caused prolonged interruptions in the international telephone and telex communications systems and commercial radio and television communications.

The Armed Forces deplore the heroic deaths of seven National Guard members, who gave their lives while fulfilling their duties. According to a preliminary report, the material damages are minimal. Casualties in the terrorist ranks have not yet been determined.

Military land and air units were immediately mobilized in the area of conflict. They currently have the area surrounded. Citizens are urged to remain calm, trust the Armed Forces, and, for the time being, avoid passing through the Volcan de San Salvador area until the search that the Armed Forces are currently conducting in the area concludes. They are also urged to cooperate by reporting the presence and movements of terrorists in the zone. Once again, the FMLN terrorist bands have been defeated in their effort to block the normal development of our electoral process and in their campaign to destroy the national economy.

FMLN Report

PA170204 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 17 Mar 85

[Text] The FMLN has carried out a strategic operation at the very doorstep of San Salvador. This Saturday, 16 March, at 0035, units from the Commander Felipe Pena Mendoza Battalions, carried out an operation called: "Vivan," the 15 years of Armed Struggle. This operation consisted of the annihilation of enemy positions in the El Picacho Communications Center, located in Volcano de San Salvador.

Our attack began with artillery fire, support weapons, and explosives. With this attack, the FMLN forces annihilated the defense system, which was composed of 15 posts. Afterward, our units destroyed five installations and troop barracks. By 0100, the position had been completely taken and an enemy battalion composed of troops from the 1st Infantry Brigade and from a National Guard section had been annihilated. Afterward, the FMLN forces destroyed one of the three communications centers located in the main building. Our units held the installations until 0600 and the enemy did not show up. It only indiscriminately machine-gunned the area with a C-47 airplane. This has been a report from the Modesto Ramirez Central Front signed by Commander Salvador Guerra.

HONDURAS

U.S. VICE PRESIDENT BUSH PAYS 5-HOUR VISIT

Suazo Cordova Welcomes Bush

PA162338 Tegucigalpa Domestic Service in Spanish 2136 GMT 16 Mar 85

[Speech by President Roberto Suazo Cordova at the Palmerola Air Base, in Comayagua, welcoming U.S. Vice President George Bush -- live; broadcast in progress]

[Text] Your arrival in our country represents an event of special satisfaction for the Honduran people and government because in greeting you, we greet the most important values of liberty and democracy, which the United States of America faithfully represents.

Your visit also does us honor because in it we see a fraternal gesture of the President Ronald Reagan administration and because your presence here underlines the excellent relations that exist between our two governments and the importance being given to the democratic consolidation process taking place in Honduras in an environment of regional and international economic and political difficulties.

I personally want to state my satisfaction over greeting a friend who so often has expressed solidarity with our people and, especially, with the Honduran rulers.

Mr Vice President, Honduras and the United States have common interests. Both promote and defend democracy and both agree with the idea of Woodrow Wilson that no preaching on liberty and justice can secure the goals wanted unless action backs the ideas of justice and liberty. For this reason, firm cooperation between our two countries is so important. This cooperation means support for the efforts we are making to achieve political, economic, and social development, convinced as we are that the most effective work that can be carried out to maintain institutional harmony and stability is the work that is carried out to improve our economy and the standard of living of the people and to ensure public liberties.

Honduras and the United States are aware of their responsibilities. To cooperate to promote a climate of peace and security that should remove forever from the Central American region any hegemonic struggle and polarizing conflict at this dramatic moment when the struggle between totalitarianism and liberty is being waged in this area of the world. In these difficult circumstances, the United States has a particular role to play by continuing to support countries that, like Honduras, want to show how much is gained by living in democracy and how much is lost when a country succumbs to any kind of dictatorship.

On the occasion of the visit that President Reagan made to Honduras in December 1982, I said that our democratic process is on the consolidation path, but I noted that while this is taking place, the threats to our representative institutions and to our democracy as a way of life and as a government system, have increased. For this reason we are of the opinion that for political democracy to manifest its total significance and to become an effective social and economic democracy, it is necessary to have the tools that would contribute to that end. Two years have gone by since then. Joint actions have been implemented to achieve the goals we have set for ourselves. This is a common effort that demands courage and firmness from beginning to end. This huge challenge is ahead of us. We have initiated the work together. I greet you in this spirit. I warmly welcome you to this Honduras of friendship, peace, and democracy. I hope that you and your entourage find this visit as pleasant and gratifying as it is for us who open our arms to you with a spirit of solidarity and encouraging hopes. Thank you.

Joint Communique Issued

PA170220 Tegucigalpa Domestic Service in Spanish 0122 GMT 17 Mar 85

["Text" of joint communique issued by U.S. Vice President George Bush and President Roberto Suazo Cordova in La Paz 16 March; read by a Foreign Ministry official -- live or recorded]

[Text] Press Communique: Accepting a cordial invitation from the Honduran Government, His Excellency George Bush, vice president of the United States of America, visited Honduras on 16 March. [2-second break in transmission]

President Roberto Suazo Cordova received the distinguished visitor at his residence in La Paz, where they held a fruitful dialogue on topics of common interest to their respective countries and on other topics related to the complex Central American problems.

Both President Suazo Cordova and Vice President Bush reaffirmed the unwavering determination of their governments to cooperate in maintaining peace and security in Central America on the basis of justice and pluralistic, participatory democracy. The two leaders agreed to maintain and strengthen links of true friendship between the two countries by increasing cooperation in the economic, social, and security fields based on the mutual respect that has always characterized their relations.

President Roberto Suazo Cordova and Vice President Bush carefully analyzed the progress of the negotiations on economic and security matters between the Governments of Honduras and the United States, which began in November 1984. They congratulated each other on the progress achieved so far and reiterated the determination of both countries to arrive at mutually satisfactory agreements as soon as possible.

U.S. Vice President Bush expressed his government's satisfaction over and support for the progress of Honduras in consolidating its democratic system. He stressed the special importance of the presidential, legislative, and municipal elections scheduled for November of this year.

Vice President Bush also met with ranking civilian and military officials of the Honduran Government. At the time of his departure, he expressed his gratitude for the attention he received from the Honduran president during his short visit to the country.

Ends Visit, Departs

PA170317 Panama City ACAN in Spanish 0153 GMT 17 Mar 85

[Excerpt] La Paz, (Honduras), 16 Mar (ACAN-EFE) -- U.S. Vice President George Bush concluded a 5-hour visit in Honduras tonight. His plane departed for Washington at 1935 local time (0135 GMT). Prior to his departure, Bush held a 30-minute press conference with more than 100 local and foreign journalists, whom he greeted cordially.

RADIO ON IMPORTANCE OF BUSH'S VISIT

PA160356 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 15 Mar 85

["Current Topics" feature]

[Text] Tomorrow afternoon, La Paz will welcome the top U.S. Government leader in foreign affairs. Vice President George Bush will visit Roberto Suazo Cordova, president of the Honduran people, at his home. This visit, the importance of which need not be exaggerated, because it is obvious, offers us a clear and undeniable picture of how Honduras has grown in importance within Central America. It indicates the role that we could play in the region's future.

Although the vice president will only be here for 4 hours, he will speak directly and frankly with the Honduran head of state which is characteristic of modern day international relations. He will also listen to and comment on our country's official viewpoints.

In a subcontinent, like Latin America, made up of so many states, George Bush will visit only three nations: Brazil, Grenada, and Honduras. Mr Bush is already in Brasilia, coming from the USSR, where he attended the funeral of the CPSU general secretary.

In Brasilia he will have the opportunity to shake hands with new civilian President Tancredo Neves, a liberal politician who is facing the colossal task of reorganizing the economy following 20 years of military dictatorship.

In Grenada, the vice president's objective is to voice Washington's sympathy for the first government elected by the people after the pro-Soviet government that existed on the island was toppled through the joint action of the United States and the small nations that make up the archipelago of the Eastern Caribbean.

Meanwhile, here in Honduras, although no official statement on this visit has been made regarding this, it is highly possible that Bush will come here to convey recent decisions adopted by the administration of President Reagan that could infuse more dynamism into our economy and help us overcome our current difficulties in specific ways.

It is no secret that Honduras' political outlook is quite positive. Despite our hairsplitting discussions, or maybe because of them, we live within a democratic atmosphere that projects a positive image abroad. However, this favorable outlook is darkened by a high unemployment rate, decreased exports, low investments, decreased tourism, and compounded by the deep crisis surrounding us that worsened when Marxism took over Nicaragua, because this made people abroad believe that Central America is a high-risk area for investments.

This is why competent authorities have been negotiating with U.S. leaders to significantly increase aid in economic as well as in security aspects. Talks at various levels have taken place in Washington and Tegucigalpa. Although talks did not seem to be fruitful at first, there have been in the past few days some indications that point to significant progress within this discreet, but essential debate. It could be, and we at the station believe this to be true, that the U.S. vice president will convey at the highest level the willingness of the United States to facilitate these effors as soon as possible.

As was already announced, the president of the Republic was invited to visit the U.S. capital by President Ronald Reagan. To date, the president's office has not officially indicated whether Dr Suazo will travel to Washington or not.

Well-informed circles stated that the Honduran head of state will not make a decision on this matter until he has a solid base to determine whether he will travel to finalize a real cooperation program, because he is not willing to, and with reason, bother with embarking on an official visit to the United States just to carry out public relations. Therefore, we can safely assume that George Bush's visit will clear up many questions, including the first and most important one: whether we will receive the effective support of the northern power or continue in this uncertain and bargaining situation that in no way helps to further relations between the two countries. In any case, there is no doubt that the meetings held between Washington and Tegucigalpa and the nature of the most important economic and military aid cooperation issues that are being discussed, have prompted the Reagan administration to seek new ways to draw closer to our country, which for the first time in many years is demanding a more important role in U.S. policy toward Central America.

The most clever Reagan administration leaders have undoubtedly realized that Honduras is the key to consolidating democracy within the Central American isthmus; that to strengthen our country is the most secure way to reestablish peace and ensure freedom in the rest of the region.

Unfortunately, the U.S. Congress does not realize this. However, Vice President George Bush's visit could mark the beginning of a new era. In addition, it could bring about a period of positive changes to promote the area's democratization, further economic development, and establish the bases for an overall and self-sufficient development; this is the only path available to achieve true peace.

PDCH LEADER COMMENTS ON NEGOTIATIONS WITH U.S.

PA162145 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 15 Mar 85

[Report by Roy Arthur]

[Text] Christian Democratic Party [PDCH] leader Alfredo Landaverde was asked about the political implications that the visit of U.S. Vice President George Bush might have on Honduras.

[Begin recording] [Landaverde] The visit by the vice president of the world's first power is undoubtedly an important event for any country, particularly for a small country like Honduras, which has close relations with the United States.

[Roy Arthur] What is the purpose...[rephrases] What is the United States trying to attain by sending its vice president?

[Landaverde] To be frank, I do not know. However, when a high-level official like Bush is sent, it means that something important is going on.

[Arthur] Do you believe that the bilateral treaties being negotiated between the United States and Honduras might help solve some of the problems that prevail in our country?

[Landaverde] Unfortunately I have no information about the treaty that is being negotiated, the documents being negotiated, and the transactions that could be made. This has been handled with much secrecy and hidden from the Honduran people. The U.S. press has published some odds and ends about the negotiations. I have even issued several calls, saying that the Honduran people must know about the treaty. If the treaty is not a secret in the United States, then why should it be a secret for the Honduran people? Likewise, if the treaty proves successful it will be a victory for Honduras and the Honduran Security Council -- which includes Roberto Suazo Cordova and General Walter Lopez Reyes. However, if something goes wrong, they will be held responsible for leading Honduras toward a pitfall. If everything comes out right, there is no problem, but if something goes wrong, it would be a critical thing. If things are not going smoothly with the United States -- I cannot attest to this because this involves a lot of political propaganda -- I would like to say that if they are negotiating something legitimate, the Armed Forces, not to mention the Honduran Government, need the people's support. If they are negotiating something illegitimate, they will not be supported by the people. Consequently, the treaty, as in the case of Panama during Torrijos' time, should be revealed. We must know under what terms this is being negotiated and we have a right to know this. We are Hondurans and it is unjust that the U.S. people know about the treaty while the Honduran people are not trusted with the information.

The Honduran people will always support the government if the government is doing the appropriate thing. However, the government is being secretive and very mysterious, so the people think that something wrong is going on.

[Arthur] Would you suggest a plebiscite, once the terms of the treaty are known, so that the Honduran people may give their opinion in this concern?

[Landaverde] Correct. I think that the treaty should be revealed so the Honduran people may give their views and state if they support the treaty in full or if something does not seem correct. This is not a sale or business transaction. Honduras is not merchandise. I feel sad when I read the newspapers and see articles regarding the U.S.-Honduran negotiations. I hope that the newspapers are wrong, that Honduras is not asking for more money in order to serve the United States even better. I think that this is not the correct way to do things. U.S.-Honduran relations should be legitimate, from one state to another, from one nation to another, and with due respect. I feel a deep sadness every time I read this type of information -- that the Honduran Armed Forces want more cannons, more money, better airplanes, and that the Honduran Government wants more money, regardless of how it will be used. It is also being mentioned that Honduras is offering the United States things that have not even been requested by the U.S. Armed Forces. Therefore, for the sake of the Honduran Armed Forces and government, it is necessary to know the details of what is being negotiated.

[Arthur] How do you analyze the current relations between the United States and Honduras, in terms of Honduras' interests?

[Landaverde] The relations between the United States and Honduras are good at the government level, despite the various discrepancies that are occasionally disclosed. Relations between the U.S. and Honduran people are good, but something is not clear about these relations. A new level of relations is being established by the Honduran Security Council during its negotiations with the Honduran Government. However, we do not know what kind of relations these will be. [end recording]

FDN MEMBERS SEEK ASYLUM IN MEXICAN EMBASSY

PA161700 Tegucigalpa EL HERALDO in Spanish 15 Mar 85 p 30

[Text] A group of rebels, members of the Nicaraguan Democratic Force, FDN, sought asylum yesterday in the Mexican Embassy here in Honduras, the media have been informed. The anti-Sandinists who sought asylum comprise the regional Jose Dolores Estrada Command. They have been identified as Norma Corrales, Jose Orlando Torres Castillo, Mario Mondragon Casco, Adalberto Marcial Espinosa Mondragon, and Moises Mondragon Martinez. The latter is an FDN commander.

In a letter sent to this newspaper they state: "Early today, several of us, members of the political military organization FDN, decided to seek asylum in the Mexican Embassy for justifiable reasons that we will not disclose at this time."

It has thus been established that these FDN members have been persecuted by the state's security bodies, as there is a diplomatic principle according to which "only persecuted individuals are entitled to obtain asylum."

According to these alleged FDN members, their purpose in sending this note to the media is "to have it published if either our human rights or the established national laws, such as the right to political asylum are violated."

The anti-Sandinist combatants state in the final part of the letter they sent in connection with their request for political asylum that "minor Maria Rebeca Corrales, daughter of Norma Corrales; minor Alondra Torres, daughter of Orlando Torres Castillo; Luvinda Corrales, the latter's wife; Samuel Blanco Castillo, Orlando's nephew; and Margarita Mondragon, Norma's sister, have become involuntarily involved."

When approached, Raul Lopez, the Mexican charge d'affaires in Tegucigalpa, merely answered that he was unable to provide any information.

NICARAGUA

OFFICIAL ON U.S. RESPONSE TO ORTEGA INVITATION

PA162222 Managua Radio Sandino Network in Spanish 0000 GMT 16 Mar 85

[Text] It has been learned from Foreign Ministry sources that to date, Nicaragua has not been informed of the establishment of an official U.S. Congressional delegation in response to President Ortega's invitation for such a delegation to visit the country for an unrestricted on-site inspection to verify the defensive nature of Nicaragua's Armed Forces.

In statements to ANN, a Foreign Ministry official confirmed that several U.S. congressmen have gone to the Nicaraguan Embassy in Washington to express their intention on accepting Ortega's invitation. The source, who did not wish to be identified, said that these congressmen have been referred to the leaders of the House and Senate, to whom Ortega's letter of invitation was addressed.

In his letter, Ortega suggested that an official bipartisan delegation be appointed by these leaders, and said that every courtesy would be extended to them for their visit. Ortega's letter of invitation was sent in late February to Senate Majority Leader Robert Dole and House Speaker Thomas O'Neill.

ORTEGA EXPRESSES DESIRE TO EASE U.S. CONCERN

PA162111 Managua Radio Sandino Network in Spanish 0000 GMT 16 Mar 85

[Text] Madrid -- Nicaraguan President Daniel Ortega reiterated today that his government wants to ease U.S. concern, and said that what is required is not for Nicaragua to be forced to negotiate, but for the United States to be persuaded to negotiate with Nicaragua.

In an article published by the newspaper EL PAIS of Madrid under his by-line, the Nicaraguan president stated that there are four [as heard] reasons for the U.S. people to reject President Ronald Reagan's attempts to continue to finance the covert war against Nicaragua. One reason, Ortega said, is that the war is illegal, because the International Court of Justice at The Hague ordered the United States to stop its attacks, an order that the U.S. Administration has disregarded. That is a threat to the legal system and it sets a dangerous precedent, he said. As to the second reason, Ortega said that the attacks are immoral because the covert war is directed against the civilian population. Third, Ortega said, the covert war does not have popular support.

RADIO SAYS VARIOUS CIA, REAGAN PLANS FAIL

PA161945 Managua Sistema Sandinist Television Network in Spanish 0200 GMT 15 Mar 85

[Station commentary]

[Text] Each time the Reagan administration starts implementing a CIA-devised plan against our revolutionary process, it becomes evident that the various support mechanisms begin synchronizing, like an orchestra, and all the springs jump at once, trying to do their part in the plan. Many times, those who cannot even be considered musicians-to-be make serious mistakes in their desperation to follow the unsuccessful director of the plan.

The historical experience acquired during the years of revolution has demonstrated that these plans will continue to fail as long as they do not accept, or at least admit, that they must take into consideration the Nicaraguan people's will. Each time a plan is set into motion, the only advantage for us is that the springs are either discovered, or they reveal themselves. This time it was Don Arturo [Cruz] and Pedro Joaquin Chamorro Barrios who have become friends of the genocidal former National Guard members. This confirms what we have always said: That they are allies -- the same as those whose turn has not yet come -- of the interests of U.S. imperialism, and that none of their proposals made on behalf of the Nicaraguan people are legitimate or truly sincere. They have only taken advantage of the Reagan administration's negative policy to get more dollars into their pockets, with the remote hope that an effective blow by imperialism will bring them to power, together with the Somozist guards.

The plan against the elections failed. As you may recall Don Arturo and his team of politicians, together with Reagan, proclaimed that the Nicaraguan people would not vote, and that their absence would withdraw credibility from the elections. However, Don Arturo's image has deteriorated, not only before our people, but also at the international level. Now he can only be put in the same cage as the lions, and Don Arturo will now become another chief of the guards, same as Robelo, Pastora, and others in the list of traitors of our people. To be realistic, we must consider that from their position. They have no other perspective than to stay in the background screaming and crying over the military failures of the contras.

What is the CIA planning now? It is easy to see. The springs are again in motion, and they insist that our government should hold talks with the contras. They are threatening us with the "Big Pine III" maneuvers. Reagan, as the orchestra's conductor, goes to the arena to seek political support to continue the war against Nicaragua, which the U.S. people increasingly condemn. They withdraw from Manzanillo, and then openly prepare for a possible invasion if the contras succeed in occupying a part of the Nicaraguan territory in April -- a month full of religious activities during the Holy Week as well as the time for traditional dry season vacations. The worst part of the dreadful plan is that they want the Episcopal Conference to present themselves as promoters of a dialogue with those who kill our people daily, to create a confrontation between the bishops and the government, as a last card that, according to them, could result in the final touch.

This is the outlook that the Reagan administration and the internal springs want us to see. They repeat the same things day after day each time there is an offensive. But they will fail again.

They are committing and will continue to commit the same error. They are not the least bit interested in the Nicaraguan people's preferences. They are concerned about their money, their welfare, their vehicles, their estates, their dollars, their travels abroad and their profits. The most eloquent testimony of this was given by Bolanos [Enrique Bolanos Geyer, head of the Higher Council of Private Enterprise], when he spoke at the meeting between the country's various productive sectors and the president of the Republic.

Another reason that they will fail is that the U.S. Administration has never been interested in the welfare of other countries; only in extracting their gold and wealth, no matter how many were killed or left ill with tuberculosis. They will fail now and a thousands times more, whenever they try, because no power can prevail over a people's determination to be free. To prove this, we need only review history. Empires crumble when people become determined, and that is what is happening in Latin America. That is why the invaders are afraid.

REAGAN'S 'BEASTS' ACCUSED OF 'VILE' ATROCITIES

PA162224 Managua Radio Sandino Network in Spanish 0000 GMT 16 Mar 85

[Excerpt] The Reagan administration's beasts commiteed a vile and horrendous crime yesterday morning, Thursday, against four Ministry of Construction workers, a militiaman, and a civilian, on the road from Las Brisas, Waslala, Matagalpa Department, when the truck in which the workers were traveling was ambushed.

Companions of the workers who were murdered by the rebels of La Pastoral -- or the freedom fighters, as Reagan calls them -- report that the beasts gunned down the workers and, not content with that, crushed their bones with gun butts and mutilated the other individual's genitals and tongue simply because he was a militiamen.

COOPERATION PROTOCOL SIGNED WITH YUGOSLAVIA

PA150237 Managua Radio Sandino in Spanish 1830 GMT 14 Mar 85

[Text] A few hours ago the Yugoslavia-Nicaragua mixed commission signed a cooperation protocol in the amount of $10 million. The protocol also includes the prospect of technical and scientific aid for 1985-86. The cooperation agreement was signed by Nicaraguan foreign cooperation minister, Commander of the Revolution Henry Ruiz Hernandez and Mito Pejovski, member of the Federal Executive Council of Yugoslavia, in the Salon de la Bandera at the Augusto C. Sandino International Airport.

Within the framework of this cooperation agreement, Yugoslavia offers Nicaragua a $1-million donation for the import of necessary products for national consumption. The $10 million included in the agreement will allow Nicaragua to import, from Yugoslavia, agricultural and industrial machinery and other equipment. The Yugoslavia-Nicaragua mixed commission was formed in 1983 and within the framework of these relations, Nicaragua has used a previous credit for $10 million.

FSLN LEGISLATORS OPPOSE ASSEMBLY BLOCS

PA162200 Managua LA PRENSA in Spanish 14 Mar 85 pp 1, 12

[Text] On Wednesday the Sandinist bloc of legislators opposed allowing small parties to have the right to form alliances to present bills within the legislature.

The FSLN legislators harshly criticized the arguments of other politicians, including representatives of the Independent Liberal Party, the Marxist-Leninist People's Action Movement [MAP-ML], the Communist Party, and the Nicaraguan Socialist Party.

The FSLN representatives staunchly defended the draft assembly bylaws, the approval of which was a foregone conclusion. There was a harsh and very violent debate between the minority parties and the FSLN.

Carlos Cuadra of the MAP-ML defended the party's rights to be a part of a parliamentary bloc and to present bills.

Allan Zambrana of the Communist Party said: "The internal problems of the political parties are not within the purview of the National Assembly or any branch of the state. To attempt to deprive the minority parties of their right to form alliances within the legislature to defend their interests is an abuse and a violation of the Political Parties Law. It is natural for there to be alliances within the parliament formed by parties to defend themselves and to have the right to present bills. Political parties have the right to form alliances and to combine their interests. The FSLN's aim is to undermine the unity of these parties."

"The FSLN is no longer content to be a majority; with this law it is now seeking to prevent the formation of parliamentary alliances, thus depriving the parties of one of their rights." "The FSLN has been a determining factor in the division of parties; that is why it is seeking, with the approval of this article, to have a legal instrument by which to exploit the disunity or division of parties to deny them the right to belong to parliamentary blocs or to form alliances," Zambrana said.

Domingo Sanchez [Socialist Party representative] harshly criticized the Sandinist position, stating that he had been told by a member of the commission that discussed the bill that "nothing could be done, because everything had been arranged beforehand."

DRAFT RESISTERS BARRED FROM EDUCATION CENTERS

PA162157 Managua EL NUEVO DIARIO in Spanish 15 Mar 85 p 12

[Communique issued by the Ministry of Education and the National Council for Higher Education in Managua on 14 March]

[Text] Joaquin Solis Piura, as president of the National Council for Higher Education, and Fernando Cardenal Martinez, as minister of education, agree on the following:

1. That to comply with the Patriotic Military Service Law, the principals of centers of education and university presidents are obliged to request the presentation of Patriotic Military Service identification cards by students who are 17 and 18 years old.

2. Students who have failed to register or who after registering failed to report when called, will not be legally entitled to enroll in classes or to continue study if already enrolled, in accordance with the Patriotic Military Service Law.

Issued in Managua on 14 March 1985

"For Peace, Everyone Against Aggression"

Fernando Cardenal Martinez, minister of education; Joaquin Solis Piura, president, National Council for Higher Education

CASTRO DISCUSSES RELATIONS WITH SOVIET UNION

PA151621 Madrid EFE in Spanish 1611 GMT 15 Mar 85

[Text] Washington, 15 Mar (EFE) -- CBS, the U.S. television network, has reported that Fidel Castro has denied that he did not attend Konstantin Chernenko's funeral because Cuban-Soviet relations have deteriorated. The Cuban president mentioned the subject during a 6-hour interview with CBS that ended this morning and will be broadcast in the United States.

According to CBS, Castro affirmed that there is no friction with the Soviets, that the fact that he did not attend the funeral is not a sign, and that relations with Moscow are better than ever.

The official announcement that Fidel Castro would not attend the funeral of the Soviet leader did not give details regarding this decision.

Raul Castro, described by the U.S. media as "more pro-Soviet," represented Cuba at Chernenko's funeral.

RAUL CASTRO MEETS WITH SWAPO PRESIDENT

FL151951 Havana Television Service in Spanish 1800 GMT 15 Mar 85

[Text] Army General Raul Castro, second secretary of the Communist Party of Cuba Central Committee, has met in Moscow with Sam Nujoma, president of the South West African People's Organization [SWAPO]. Raul Castro reiterated to the SWAPO president Cuba's unconditional support for Namibia's independence cause and the search for a solution to southern Africa's crisis based on UN resolution No 435.

BUSH VISITS GRENADA, DISCUSSES U.S. TROOPS

FL152021 Havana Television Service in Spanish 1200 GMT 15 Mar 85

[Text] U.S. Vice President George Bush has stated in Grenada that his government will continue to have a permanent interest in the security of that small island, which has been occupied by U.S. troops since the 1983 invasion. Bush also said the gradual withdrawal of 300 U.S. soldiers from Grenada could be stopped if any threat arises during the withdrawal process.

Washington is planning regular military maneuvers on that island.

MONTANE MEETS PUERTO RICAN SOCIALIST LEADERS

FL152044 Havana Domestic Service in Spanish 0000 GMT 15 Mar 85

[Text] Jesus Montane Oropesa, alternate member of the Politburo and member of the Secretariat, has received Carlos Galliza, secretary general of the Puerto Rican Socialist Party, who is visiting our country at the invitation of the Communist Party of Cuba.

During the meeting, which took place in a fraternal atmosphere, they examined matters dealing with relations between the two parties, and the status of the struggle for independence in Puerto Rico. Also participating in the meeting were Pablo Rivera and Doris Pizarro, members of the Puerto Rican Socialist Party, and Jose Arbesu and Alfredo Garcia Almeida, chief and deputy chief, respectively, of the Central Committee's America Department.